Germany	DM2.60	Malaysia	M$4.25	Sweden	SKr12
Greece	Dr180	Morocco	MDh8.00	Switz	SFr2.50
Hong Kong	HK$12	Neth	Fl 3.25	Thailand	Bt50
Hungary	Ft167	Nigeria	Naira10	Tunisia	Din0.800
Iceland	IKr160	Norway	NKr12.00	Turkey	L2000
India	Rs15	Oman	OR1	UAE	Dh7.00

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POLITICS TODAY
Excellent full-year results from UN plc
Page 19

World News

Soviet blast emits cloud of toxic gas near borders

An explosion at a Soviet nuclear fuel factory has injured several people and released a cloud of toxic gas in a region close to Soviet borders with China and Mongolia, the Soviet news agency Tass said. Page 20

Troops break siege

Sri Lankan troops stormed ashore from a flotilla of rubber dinghies to break a two-month siege of a colonial fort at Jaffna, a stronghold of Tamil separatists. Page 4

New era in relations

The Soviet Union and West Germany initialled a treaty on co-operation, underpinning the new relationship between the once bitter adversaries. Page 20

Jumbo near-miss

A fully laden Australian jumbo jet missed colliding with a US Air Force Galaxy freighter by less than 50 feet (16 metres) as it flew over the holiday island of Phuket in Thailand.

China expects thaw

China said it expected troubled relations with Vietnam to improve now that an apparent solution to the Cambodian impasse is in place. Page 4; Agony nears end, Page 18

Souter's tough task

A Senate committee opened confirmation hearings on Judge David Souter, the Supreme Court nominee, and served notice that he will face some politically charged questioning. Page 3

Doe's men removed

The Liberian peacekeeping force evacuated 1,000 supporters of slain President Samuel Doe from his executive mansion in Monrovia, saving them from reprisal killings.

Korean talks on UN

North and South Korea agreed to hold border talks next week to discuss Pyongyang's demand that the two states join the United Nations as a single member.

S African violence

At least 53 people died during vicious street fighting in the latest outbreak of violence between rival black factions in townships near Johannesburg.

Soviets seek summit

President Gorbachev held out the prospect of another US-Soviet summit meeting before the end of the year. Page 6

Police force purged

Panama purged its 12,000-strong police force, retiring almost one-fifth of its officers, following a series of civil riots in which police used teargas and birdshot to disperse students. Page 3

US drug gets blame

The son of a Kentucky man who went on a shooting spree last year filed a lawsuit against the makers of Prozac, saying the anti-depressant drove his father to kill eight people.

A time to convert

The Saikoji Temple in Tokyo is today offering free grave plots worth $8,700 to people who convert to the Buddhist sect of Tendai before they die.

Business Summary

Dollar falls after easier money hint by Greenspan

The US dollar fell sharply late yesterday after Alan Greenspan, chairman of the Federal Reserve, said the US central bank could ease monetary policy if a credible budget deficit reduction deal was reached. Page 20; Currencies, Page 42, Bonds, Page 25

ROLLS-ROYCE, UK aero-engine group, reported a 14 per cent increase in first half pre-tax profits to £115m ($213m) from £101m in the first half of last year. Page 21; Lex, Page 20

RTZ CORPORATION, world's largest mining group, blamed lower metal prices for a 4 per cent drop in its net profits to £269m ($499m) in the six months to June 30. Page 21; Lex, Page 20

BARCLAYS, Britain's biggest bank and the largest issuer of credit cards in Europe, is entering German credit card market via a joint venture with Hertie, big West German retailer. Page 21

IMPERIAL CHEMICAL Industries' deputy chairman, Frank Whiteley, called for urgent action to arrest UK's relative industrial decline. Page 20

CANADIAN Pacific is taking advantage of a recent slide in its share price to buy back up to C$570m ($490m) of common shares. Page 22

PIRELLI, leading Italian tyres and cables group, is to consider a closer link with Continental, big West German tyres group. Page 21

AMGOLD, holding company for the gold interests of Anglo American group, announced a R500m ($192m) rights issue. Page 23

WORLD BANK $270m project in Nigeria has highlighted problems faced by small businesses in developing countries in getting access to credit. Page 4

WILLIS FABER, London-based insurance broker, is optimistic that plans to merge with Corroon & Black, US insurance broker, will go ahead. Page 21; Lex, Page 20

LAVALIN International of Canada looks to have clinched the $1.7bn contract to build and operate a mass transit system, known as Skytrain, in Bangkok. Page 9

CANADA'S high budget deficit is a major impediment to sustained non-inflationary growth, says the OECD's latest annual report on the Canadian economy. Page 3

BRAZIL is to open the computer market to technological joint ventures. Page 9

UNITED BISCUITS (Holdings), UK biscuits and snacks group, may close half of the 18 factories operated by Ross Young's, its frozen foods subsidiary, which reported a 31 per cent fall in first-half trading profits. Page 21

WEST EUROPEAN new car sales fell 3.9 per cent in August to 1.16m, confirming industry fears that demand is weakening. Page 6

ISRAEL has approved radical reforms of labour and capital markets, to help cope with a huge influx of Soviet Jewish immigrants. Page 4

Gorbachev presents radical 500-day reform plan

By Quentin Peel in Moscow

PRESIDENT Mikhail Gorbachev yesterday presented the Soviet Union's 15 republican parliaments, and the all-union Supreme Soviet, with the revolutionary economic plan he favours embarking on in the biggest political gamble of his career.

The radical document proposes four phases in 500 days, beginning with 100 days of emergency measures from October 1.

The plan, drawn up under the chairmanship of Professor Stanislav Shatalin, calls for the budget deficit to be cut from the present Rbs80bn ($140bn at the official exchange rate) to Rbs90bn to zero by the end of next year – a move which Mr Nikolai Ryzhkov, the embattled Prime Minister, claims would cause massive social unrest. Among a host of other measures the plan calls for the establishment of a stock exchange in Moscow in November, and a rapid acceleration of the progress towards a convertible rouble.

All the republics in the union now have a choice between the relatively moderate Ryzhkov plan, the Shatalin plan which is backed both by President Gorbachev and Mr Boris Yeltsin, leader of the Russian Republic, or a third alternative put forward by Professor Abel Aganbegyan, one of the original architects of perestroika.

President Gorbachev's move is intended to win the widest possible popular mandate for economic reform plans which must inevitably cause substantial inflation, unemployment and widespread bankruptcies in Soviet industry.

The danger is that some republics may opt for the far more cautious Soviet government plan favoured by Mr Ryzhkov, leaving the union torn between two competing economic policies.

Behind the apparent confusion lies an extraordinary political manoeuvre by the Soviet leader, which could yet lead to the adoption of by far the most radical option – the Shatalin plan – to be put into effect by October 1.

Mr Gorbachev is banking on the growing hostility towards Mr Ryzhkov's government and the long-standing republican resentment of the power of Moscow.

The Shatalin plan seeks to use the drive for massive devolution of power from the centre to win approval for mass privatisation of all forms of state ownership, a revival of private property as a cornerstone of the economy, and an attempt to switch to a market economy in no more than 500 days.

Representatives of all the republics except Estonia have already given tentative support to the plan, which insists that the union must preserve a single market, a single currency, a single banking system and a single customs system.

Details, Page 6; The end of communism, Page 18; Moscow, Bonn sign co-operation treaty; Soviet explosion releases toxic gas, Page 20.

Iveco wins majority control of troubled Spanish truck maker

By Kevin Done in London and Tom Burns in Madrid

IVECO, the commercial vehicles subsidiary of Fiat of Italy, is to acquire majority control of Enasa, the heavily loss-making Spanish maker of Pegaso trucks and buses, in a surprise move, which further accelerates the restructuring of the western European truck industry.

The agreement follows collapse of an earlier deal under which INI (Instituto Nacional de Industria), the Spanish state holding company, was to sell an 80 per cent stake of Enasa to a West German consortium of MAN and Daimler-Benz. But the deal was blocked by the West German cartel authorities earlier this year.

Iveco took part in the original bidding battle for Enasa last year against competition from the West German truck makers, Volvo of Sweden and DAF of the Netherlands.

Negotiations had continued until yesterday with Daimler-Benz, but the Spanish Government also began parallel secret talks with Fiat.

Iveco is to take a 60 per cent stake in Enasa with an option to acquire outright control within six years.

The deal follows the takeover last year by MAN of the Austrian truck operations of Steyr and this year's planned grand alliance between Volvo of Sweden and Renault of France.

The Spanish authorities balked at selling Enasa to Daimler-Benz in the face of the West German truck maker's insistence on sweeping rationalisation measures for the loss-making Spanish truck assembly and components operations.

Garuzzo: values Enasa at $20m

INI has been forced to accept a much lower valuation of Enasa, whose financial performance has deteriorated rapidly this year, but in return Iveco has agreed to guarantee employment levels in the company and to inject new equity and undertake an ambitious capital investment programme in Spain.

The surprise deal also opens the way for the possible assembly in Spain of Iveco trucks or Fiat cars. Mr Giorgio Garuzzo, Iveco chief executive, said the Enasa plant in Valladolid would be used to assemble "Iveco or other Fiat products in the future."

As a result of the takeover Iveco will close the gap behind Daimler-Benz in the western European truck sales league (above 5 tonnes gross vehicle weight), and moves into second place ahead of the Volvo/Renault combination.

It also takes control of Seddon Atkinson, the small specialist UK heavy truck maker, which is a wholly-owned subsidiary of Enasa. Iveco took over management control of Ford's truck operations in the UK in 1986.

Under the Iveco deal Enasa, which holds around 30 per cent of the Spanish heavy truck market, has been valued at only Pta2bn ($20m) compared with a valuation a year ago of Pta36bn ($361m) in the original deal with MAN and Daimler-Benz.

Iveco is to pay Pta1.2bn ($12m) to acquire its initial 60 per cent holding, with INI retaining a 40 per cent stake. In January the shareholders will inject Pta20bn of new equity capital into Enasa, of which Iveco will contribute Pta12bn.

WESTERN EUROPEAN TRUCK PRODUCTION (over 3.5 tonnes gross vehicle weight)

	1989	1988
Merc-Benz	105,712	101,364
Volvo/Renault:	96,773	93,856
of which Volvo	42,000	40,491
Renault	54,773	53,384
Iveco	83,239	82,169
Enasa	8,850	11,099
Seddon Atk'son	1,950	2,430
DAF	32,588	33,135
Scania	32,339	27,926
MAN (inc Steyr)	30,629	25,557
Others	16,220	17,634
Total	408,500	395,170

Source: Automotive Industry Data.

US backs increase in insurance premiums from banks

By Peter Riddell, US Editor, in Washington

THE Bush Administration and the US Federal Reserve have backed an increase in the premiums paid by US banks to the government fund that insures bank deposits, which is now under severe strain.

The Federal Deposit Insurance Corporation (FDIC), which guarantees individual deposits of up to $100,000, has already proposed increasing the premium paid by banks from 12 cent per $100 of deposits to the legal maximum of 19.5 cent from next year.

However, Mr Nicholas Brady, the Treasury Secretary, has now backed the FDIC's desire for greater capability to raise premiums. He notes the FDIC's belief that "the present level of reserves is adequate to protect against current projections of bank losses, but the fund is under stress and could require additional assessments [premium levels] to reach safer reserve-to-deposit ratios."

Mr Brady argues that the FDIC should have "all the tools it needs to act responsibly if it reaches the conclusion that higher assessments are necessary."

Senator Don Riegle and Congressman Henry Gonzalez, the chairmen of the Senate and House Banking Committees respectively, have proposed giving the FDIC the freedom to set premiums at whatever level is necessary.

The Administration and Congress favour an increase in premiums to avoid a direct call on taxpayers, and to avoid a repetition of the savings and loan collapse. Legislation is likely to be rushed through quickly.

Hint of eased monetary policy, Page 20

Profits revision at Japanese securities groups

By Robert Thomson in Tokyo

JAPAN'S Big Four securities groups, battered by the slump in Tokyo this year, yesterday announced sharp falls of between 50 and 75 per cent in estimates of pre-tax profit for the first half to the end of September.

The plunge in market values early in the year and the consistently low trading volumes – down 27 per cent in the five months to end August compared with the same period last year – have been compounded by the financial uncertainty created by the Gulf crisis.

Nomura Securities, the biggest company, had predicted a pre-tax profit of Y205bn ($1.46bn) for the half, but that was revised yesterday to Y125bn, down 49 per cent from a year earlier. The company now predicts a full-year profit of Y280bn, well down on the original estimate of Y410bn, which itself was down 16 per cent on last year's figure.

The company, along with other Japanese houses, large and small, has been particularly hard hit by the decline in brokerage and underwriting commissions. These have dried up because the market slump has forced companies to postpone or cancel new issues.

Nomura, whose problems prove that the Big Four – Nomura, Daiwa, Nikko and Yamaichi – are not immune to market fluctuations, had expected an operating revenue in the first half of Y455bn, but that has been revised to Y350bn. The expected Y910bn for the full year is now a more modest Y740bn, down 25 per cent on the figure for fiscal 1989.

Until now, Japanese brokers have appeared to weather the unfavourable stock and bond market conditions surprisingly well. But foreign brokers suggest that smaller companies among almost 260 licensed brokerages in Japan will be even harder hit than the big houses, and that some may close.

The smaller companies do not have the same diversity of income as the Big Four, which are have the extra flexibility afforded by extensive reserves. Companies had hoped that market conditions would improve in August and Septemeber, but the Gulf crisis has instead reduced revenues further.

Daiwa Securities has revised its pre-tax profit estimates down from Y130bn to Y65bn for the first half, with the revenue estimate down from Y305bn to Y252bn. Last year, the company reported revenues of Y332.37bn for the first half and a pre-tax profit of Y171bn.

Nikko Securities expects pre-tax profit for the first half of Y35bn, down from an initial estimate of Y90bn, on revenues of Y190bn, down from Y250bn. Last year for the first half, the company reported revenues of Y293.3bn and a pre-tax profit of Y130.2bn

Yamaichi Securities predicts a pre-tax profit of Y30bn, down from Y90bn, on revenues of Y180bn, compared with an earlier estimate of Y260bn. For the first half of last year, the company reported operating revenues of Y279.7bn, and a pre-tax profit of Y117.9bn.

The companies generally expect full-year profits to fall by about 50 per cent from last year, the most serious drop in earnings since 1974, when the Japanese economy was severely hit by the 1973 Arab oil embargo.

US Congress critical of Japan and West Germany over Gulf

By Lionel Barber in Washington and Robert Graham in London

THE WHITE HOUSE was struggling yesterday to deflect a storm of criticism in Congress over the level of Japanese and West German support for the international effort to end Iraq's occupation of Kuwait.

Large numbers of Republicans and Democrats have launched bitter attacks against Bonn and Tokyo for not pulling their weight in the Gulf, leading to a series of Congressional votes aimed at penalising America's two richest allies.

The depth of resentment may, however, increase US leverage over European, Asian and Arab allies as the Administration presses them to contribute to a $26bn fund to offset the cost of US military operations in the Gulf, and to compensate countries hurt by the United Nations embargo against Iraq.

But officials acknowledge that if the criticism gets out of hand, President George Bush's effort to spread the burden of financing Operation Desert Shield may be undermined. It could also fuel US isolationist tendencies and provide ammunition for proponents of trade retaliation against Japan.

The White House singled out for criticism an anti-Japanese amendment to the defence authorisation bill which was passed by the House of Representatives overwhelmingly this week. The bill, which may not survive in the Senate, would withdraw 5,000 US troops a year from Japan unless the Tokyo Government pays the full cost of stationing the 50,000 force.

Mr Marlin Fitzwater, White House press secretary, threatened a presidential veto of the defence bill. Japan had been "quite helpful" in the Gulf and other areas and "they indicate they're going to be more responsive."

Mr Misoji Sakamoto, the Japanese Cabinet's Chief Secretary, countered the US congressional criticism, saying in Tokyo that the issue of American troops in Japan and helping in the Gulf crisis were separate ones.

He added: "We have been doing our best for the effective implementation of the Japan-US security treaty, and we will continue to do so in the future."

Japan's support for multinational forces in the Gulf region has been delayed by a sharp debate over the limits imposed by its post-war "peace" constitution, which bans the use of force in resolving international conflicts.

Tokyo has pledged $1bn towards the US and allied forces in the Gulf and a further $2bn is under consideration in grants and other aid through the World Bank and International Monetary Fund for those countries hardest hit by the United Nations embargo against Iraq. This is against the US seeking some $4bn from Japan.

A second flashpoint in Congress came with the news that West Germany would pay the Soviet Union over $7bn to continue stationing Red Army

Continued on Page 20
Gulf crisis, Page 2; Politics Today, Page 19; Stock Markets, section II

Weekend FT

Tomorrow: Why can't 20th century opera be really popular?

Why there's more to Thailand than sex

CONTENTS

Turkey's textiles plea set to fall on deaf ears in Europe

The request by Turkey's President Turgut Ozal for textile trade concessions in return for enforcing sanctions against Iraq seems to contain the essence of an elegant bargain. But the idea is likely to fall on deaf ears.
Page 9

MARKETS

STERLING
New York lunchtime:
$1.8765
London:
$1.8775 (1.8645)
DM2.955 (2.96)
FFr9.9 (9.915)
SFr2.465 (same)
Y257.75 (256.75)
£ index 93.7 (same)

GOLD
New York: Comex Dec
$388.8
London:
$383.75 (381.5)

N SEA OIL (Argus)
Brent 15-day OCT
$31.3 (30.55)

Chief price changes yesterday: Page 21

DOLLAR
New York lunchtime:
DM1.5725
FFr5.271
SFr1.3075
Y136.6
London:
DM1.5745 (1.5875)
FFr5.2725 (5.3175)
SFr1.3125 (1.3225)
Y137.3 (137.65)
$ index 63.3 (63.2)
Tokyo close: Y137.65

US lunchtime rates
Fed Funds $7\frac{15}{16}$%
3-mo Treasury Bills:
yield: 7.56%
Long Bond:
$98\frac{3}{32}$
yield: 8.93%

STOCK INDICES
FT-SE 100:
2,127.1 (−15.2)
FT Ordinary:
1,632.9 (−10.4)
FT-A All-Share:
1,032.47 (−0.7%)
New York lunchtime:
DJ Ind. Av.
2,610.89 (−14.85)
S&P Comp
321.16 (−1.36)
Tokyo: Nikkei
25,075.08 (−141.06)

LONDON MONEY
3-month intbnk:
close $14\frac{15}{16}$-$14\frac{31}{32}$% ($14\frac{31}{32}$)
Liffe long gilt future:
$83\frac{9}{32}$ ($82\frac{1}{16}$)

UN accuses Iraq of denying food to foreigners

By **Michael Littlejohns**, UN Correspondent in New York

THE CHAIRMAN of the UN sanctions committee, Mrs Marjatta Rasi of Finland, yesterday accused the Iraqis of "using food as a weapon" by denying rations to foreign workers in Iraq and Kuwait.

At a meeting with reporters, she said there was no evidence of a food shortage and that, according to some estimates, Iraqi stocks were adequate for up to a year.

However, the UN embargo was beginning to bite and would be having a serious effect by Christmas.

Mrs Rasi spoke after Mr Xavier Pérez de Cuéllar, the UN Secretary General, sidestepped her request for UN personnel to determine whether essential foodstuffs were reaching vulnerable groups in Iraq and Kuwait, including children and the elderly.

Mr Saddam Hussein, the Iraqi president, has said that the military must have first call on supplies.

Mr Pérez de Cuéllar said in his reply to Mrs Rasi that the UN system did not have the capability to verify the food situation through its own resources, but that he was prepared to ask the Iraqi authorities to co-operate.

He said it was apparent from information available to the sanctions committee and to him that nationals of India, Bangladesh, the Philippines and Sri Lanka were already experiencing in Iraq and Kuwait serious shortages of food, water, and other essential supplies.

Following the committee's failure to reach a consensus on how to get supplies to these nationals, especially some 130,000 Indians, the issue was returned to the full Security Council. Diplomats said they believed there would soon be broad agreement on a resolution.

They said the Indian ship, Akhbar, was likely to be allowed to transport food supplies to Kuwait, but that these must be distributed among the stranded workers and their families by humanitarian agencies, not by the Iraqi authorities or commercial enterprises.

The Security Council was expected to approve guidelines for Iraq and Kuwait to receive food shipments for their own nationals if and when the need to relax the overall embargo on humanitarian groups was established through independent inquiries.

As for medical supplies, these are not subject to the embargo, but the working group proposed that they be provided under the strict supervision of the government of the exporting state or by humanitarian agencies.

Iranian officials have denied any plans to swap food and medicine for Iraqi oil, a Tehran newspaper said yesterday, Reuter reports from Tehran.

The Tehran Times quoted an informed source as saying reports Iran and Iraq had agreed to exchange food and medicine for Iraqi oil and cash were "totally baseless".

In Havana, Cuba denied it had struck oil deals with Iraq or conducted trade in defiance of the UN.

US exporter to sue Baghdad for $62m

By **Alan Friedman** in New York

CONSARC, a US company whose export to Iraq of high-temperature furnaces which could be used to make nuclear weapons was blocked in July by President Bush, yesterday filed a lawsuit against Iraq charging fraud and breach of contract and seeking $62m (£33.5m) of damages.

The suit, the first of its kind since Iraq's invasion of Kuwait, was authorised by the US Treasury earlier this week and filed in court yesterday in Washington.

The New Jersey-based Consarc also sued on behalf of Consarc UK, its Scottish subsidiary which was to have supplied two of the four furnaces.

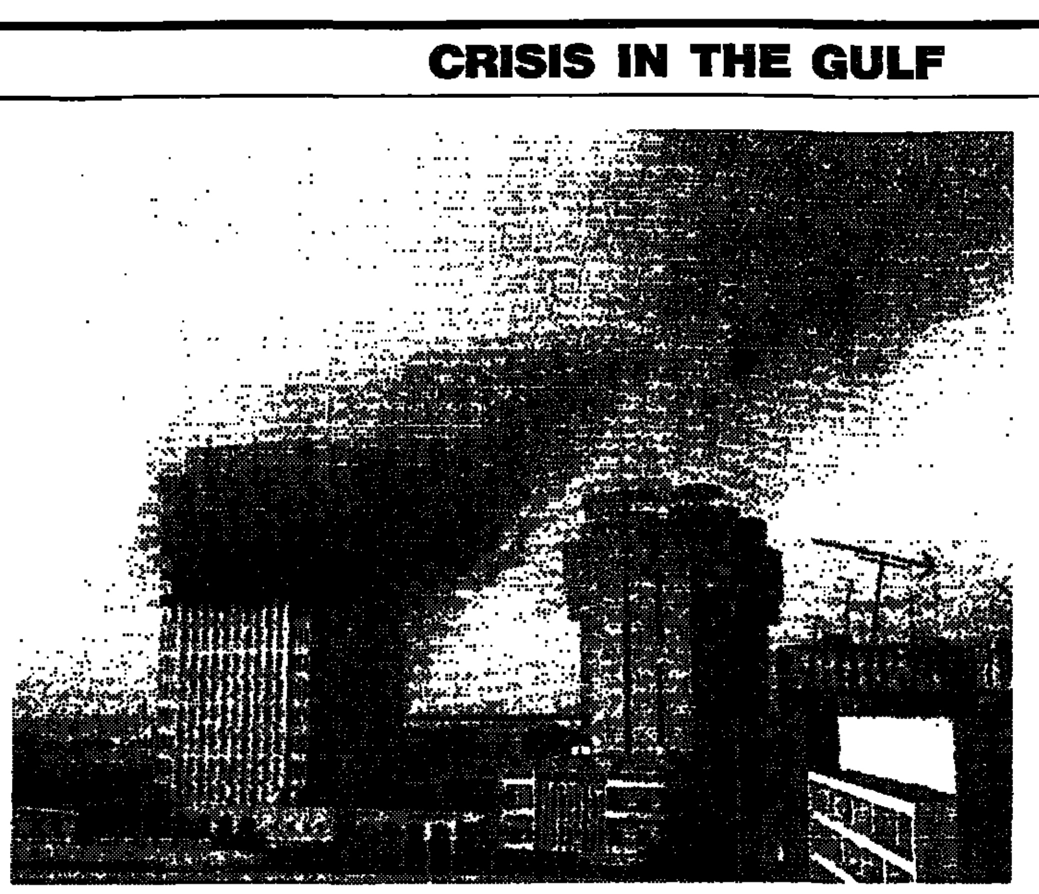
The suit comes amid recriminations by the Pentagon over the role of the Commerce Department in approving export licences for the deal.

The lawsuit claims that Iraq deliberately misrepresented the intended use of the furnaces by providing end-user certificates stating they would be employed for medical research and not for military purposes.

The export licence for Consarc's shipment was approved by the Commerce Department in June 1989 but the US Customs Service, acting on a tip, seized the furnaces 11 weeks ago.

The company is seeking $55m of punitive damages as well as $6.4m that is held in an account at the Bank of New York as part of a letter of credit issued by Iraq's Rafidain Bank and £1.3m held in a similar account at Midland Bank in London. The US account is part of the Iraqi assets frozen by the Bush Administration.

Also named in the suit are the Royal Bank of Scotland and the Pittsburgh National Bank, which forwarded advance payments to Consarc of £228,000 and $1.1m respectively last year. The company wants to prevent Iraq or these banks from seeking a refund of the advance payments.



The Kuwait Airways building in Kuwait City set ablaze last week by Iraqi gunfire

Baghdad troops plunder Kuwait

IRAQI occupation forces are systematically plundering Kuwait City and ruthlessly hunting down resistance bands, according to diplomats and refugees, Reuter reports from Dubai.

Houses, shops, warehouses and palaces have been broken into, looted and then blown up with explosives or artillery fire in the hunt for foreigners, food and rebel fighters.

"The looting now seems to be systematic," said a Western diplomat from Riyadh.

Even street lights and traffic signals have been ripped out and trucked back to Iraq.

"They first steal and then they destroy the palaces, the businesses, the offices, they don't leave anything," said Faisal al-Ghanim, first-secretary at Kuwait's embassy in Abu Dhabi. "We will have to start from the beginning. We will have to build it all again."

But Iraq apparently has other plans for what it now calls its 19th province. Refugees reaching Dubai say Palestinians are being moved into Kuwait City in large numbers and taking over businesses and properties left by fleeing foreigners. Palestinian leader Yasser Arafat is one of Iraqi President Saddam Hussein's allies.

Yemen stops short of urging the return of Kuwaiti rulers

Eric Watkins interviews the Yemeni president

PRESIDENT Ali Abdullah Saleh of Yemen yesterday called for the withdrawal of Iraqi forces from Kuwait, but stopped short of supporting the restoration of the al-Sabah family, the rulers ousted by the Iraqi invasion on August 2.

In an interview in Sanaa, the Yemeni capital, General Saleh said his Government's position was clear and firm. "It is against the invasion," he said. "It is against the annexation of Kuwaiti territory to Iraq.

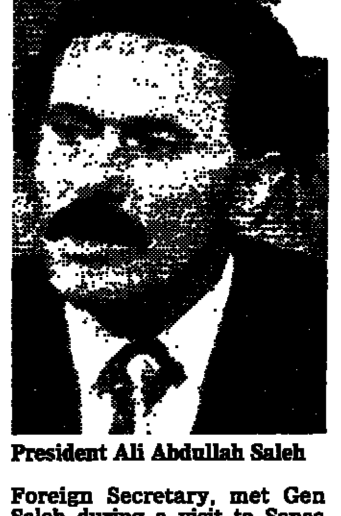
"We call for the withdrawal of both the Iraqi forces and the international foreign forces from the region."

Since the start of the Gulf crisis Saudi Arabia and the west have regarded Yemen with suspicion because of its equivocal attitude towards the invasion and towards UN sanctions against Iraq.

Gen Saleh's latest remarks, however, suggest that Yemen is not prepared to flout UN resolutions against Iraq despite the long-standing ties between Sanaa and Baghdad.

"His words represent a significant change of emphasis from Yemen's earlier concerns about foreign intervention to the more pressing matter of Iraq's invasion and annexation of Kuwait," said one western diplomat in Sanaa yesterday.

Mr Douglas Hurd, the British Foreign Secretary, met Gen Saleh during a visit to Sanaa last week and urged Yemen not to disrupt international efforts to isolate Iraq.



President Ali Abdullah Saleh

Gen Saleh emphasised yesterday that Yemen would send food and medicine to Iraq only under the auspices of the UN Security Council and in agreement with the international community.

Yemenis, however, continue to feel sympathetic towards Iraq, and Gen Saleh said: "We do not wish to see the Iraqi people starving."

He refused to commit himself to the restoration of the al-Sabah family. "We do not have the right to dictate to the Kuwaiti people or to impose a certain regime, whether the previous regime or a new one," he said. "We do not have the right to choose for them. We should leave the whole decision and the whole matter for them to choose and select their own regime."

Dependent on Kuwait, Saudi Arabia and the other Gulf states for worker remittances and financial aid over the past two decades, Yemen can ill-afford to side openly with Iraq.

But long-standing military, political and economic ties with Baghdad – to say nothing of widespread popular support for President Saddam Hussein of Iraq – have likewise inhibited Yemen from openly denouncing the Iraqis.

American intervention in Saudi Arabia has given Yemen an opportunity to avoid taking sides openly by making an issue of the presence of foreign powers in the region.

Western officials attribute Yemen's change of emphasis towards the weight of world opinion against Iraq, to the tightening of the sanctions net and, in particular, to the build-up of international military forces in the region.

BAKER FLIES TO SYRIA

Visit confirms an old adage on diplomatic wiles

By **Tony Walker** in Damascus

THE VISIT to Syria today of Mr James Baker, the US Secretary of State, confirms the old Middle East adage that "the enemy of my enemy is my friend".

Relations between Syria and the US have been plagued for a number of years by such issues as Lebanon and terrorism; but Iraq's invasion of Kuwait on August 2 has speeded a process of reconciliation that had been under way for some time.

The Gulf crisis has also projected President Hafez al-Assad, one of the wiliest operators in the Arab world, back to centre-stage after a period in the wilderness. Mr Assad, whose support for Iran in the Gulf War put him at odds with many of his fellow Arab rulers, was not among those Arab heads of State who gathered in Baghdad in May for a summit meeting presided over by his arch enemy, President Saddam Hussein.

Mr Baker's visit is seen as a way of the US thanking Syria for its commitment of troops to stand alongside American forces in Saudi Arabia. Syria has already deployed about 3,200 paratroopers in Saudi Arabia and 1,000 in the United Arab Emirates.

President Assad told a military parade in Damascus on Wednesday he was ready to send more troops if asked. The Syrian commitment might eventually total 20,000 - 30,000, according to Arab and Western diplomats. The new troops will include heavy armour and there is speculation Syria will withdraw some at least of its tanks from the Golan Heights facing Israel and despatch them to Saudi Arabia.

No high-ranking US official has visited Syria since before the December 1988 bombing of a Pan Am jumbo over Scotland in which some 270 people were killed. A radical Palestinian group, the Popular Front for the Liberation of Palestine-General Command, whose headquarters is in Damascus, was blamed for the bombing.

The US State Department, in its latest report on terrorism, lists Syria as a sponsor, and says the PFLP-GC is "closely allied with, supported by and probably receives direction from Syria."

The US official's presence in the Syrian capital seems certain to boost Mr Assad's standing regionally. Western officials see Syria as a potential winner out of the present crisis with prospects for a resumption of diplomatic relations with Britain and additional aid flows from the European Community.

But these officials also warn that if war erupts in the Middle East, Mr Assad no less than President Mubarak of Egypt and the Gulf rulers have reason to be extremely nervous about domestic opinion being inflamed by the presence of foreign troops in Saudi Arabia. Mr Baker said in Brussels this week that he would raise the issue of terrorism and other contentious subjects such as human rights abuses with Mr Assad, but he made it clear that Washington's main concern was to strengthen the resolve of its Arab allies in the Gulf.

"I don't think anything heightens more the isolation of Saddam Hussein in the Arab world than Syrian involvement," Mr Baker said.

Tokyo risks long term divisions with the west

Ian Rodger explains why Japan has been sharply condemned for slowness to act in the Gulf crisis

THE slowness of the Japanese Government in deciding on measures to help resolve the crisis in the Gulf has suddenly become a serious issue that could sour its relations with the West after the crisis is over.

This week US Congressional action and reaction has taken on a sharper tone. Tokyo's commitment of $1bn (£540m) to the multinational forces was "contemptible tokenism," one senator said. More moderately, Mr Douglas Hurd, the UK foreign secretary, said here this week that Japan's contributions to date were merely "a good first step".

Japan's decision-making process is certainly slow, but the view that the country is deliberately trying to avoid carrying its share of the burden is probably exaggerated.

The main problem is that the Gulf crisis raises issues on which it is impossible for the Japanese people to reach agreement.

It is one of the characteristics of Japanese public life that consensus is valued almost more than anything else. No matter how difficult or time consuming, and regardless of any clash with previously agreed principles, Japanese leaders seek consensus before embarking on any action.

On most issues this is easy to reach, but on a few matters the Japanese have very strong and very different views. These cases mostly arise from the disastrous period of military domination of the country's affairs in the first half of this century. Through bitter experience, Japanese have found that raising questions such as the responsibility of former Emperor Hirohito for the Japanese conduct of the second world war is so divisive that they will go to great lengths to avoid doing so.

The Gulf crisis has, at a stroke, smashed this comfortable way of doing things, raising the tortuous question of whether Japanese military forces should participate in the multinational effort to bring an end to Iraq's occupation of Kuwait. And since Japan is an economic superpower with heavy responsibilities in world affairs, the issue cannot be avoided or put to one side.

The difference in views among Japanese leaders over how to respond to this challenge could not be more stark.

"Sending the Self Defence Forces to the Gulf is something we must do, even if it means the fall of one or two Cabinets," Mr Koji Kakizawa, a member of the ruling Liberal Democratic Party (LDP) and chairman of the lower house committee on foreign affairs said last week.

He and others believe that Japan risks international ostracism if it does not take a substantial share of the human risk as well as the cost of the Gulf operation. And the reluctance of civilian volunteers to go has forced the government to look more seriously at sending troops.

That is totally unacceptable to Mr Masao Kunihiro, a Socialist member of the upper house. "We must not be tempted again by the 'lifeline' argument to get involved in a military way overseas. That is what led to disaster 60 years ago," he said this week.

> The Gulf crisis has at a stroke smashed this comfortable way of doing things

To Mr Kunihiro, the nub of the issue is whether democratic institutions and thinking are now sufficiently rooted in Japan that another attempt by the military-industrial complex to push the country towards militarism could be stopped by popular pressure.

Even though they find it embarrassing, a large number of Japanese - perhaps a majority - would agree with him that the answer to that question is no, especially given the political passivity of the general public.

One senior Japanese diplomat this week made a slightly more encouraging assessment. If soldiers carrying weapons were sent overseas, the Japanese public would not stand for it, he said, but the dispatch of unarmed troops would probably be tolerated.

One opinion poll taken last month bears out this view. A slight plurality felt the government was not contributing enough to the Gulf effort, but over 80 per cent opposed sending the Self Defence Forces.

But there are significant legal and other obstacles to the despatch of troops. Japan's constitution renounces the use of force to solve disputes and the SDF law prohibits the sending troops overseas for anything but ceremonial occasions and disaster relief.

Mr Toshiki Kaifu, the prime minister, has proposed new legislation to facilitate the sending of peacekeeping forces, and yesterday Mr Seiroku Kajiyama, the new Justice Minister, said he was willing to contemplate amending the constitution. But everyone knows that the lack of consensus on this issue will be reflected in the Diet as well, so there is little hope for action.

Mr Kaifu's low standing within the LDP has weakened the Government's leadership. Many observers believe that if Mr Yasuhiro Nakasone, who had strong views and a will to act on them, were still prime minister, Japan's approach to the crisis would have been more decisive.

The hostage problem has complicated the government's response. According to one foreign ministry official, public opinion in Japan does not yet understand the importance of resisting this kind of blackmail.

This makes the Government more reticent about lashing out against Iraq. Japanese officials believe Saddam Hussein has understood their vulnerability on this issue, and that is why he has made more Japanese than US or UK hostages into human shields. The whereabouts of 141 Japanese hostages are unknown.

Tokyo is also sensitive China and some southeast Asian nations which would be upset if Japan sent troops overseas.

It would be wrong to suggest the delays are entirely due to bona fide difficulties. Ministry of Finance officials have, by all accounts, been delaying fund authorisations until every yen can be specified.

There is no little satisfaction in diplomatic circles in Tokyo that Mr Ryutaro Hashimoto, the finance minister, will almost certainly have to climb down from his assertion two weeks ago that $1bn was the absolute limit Japan would contribute to the multinational forces in the current fiscal year.

The braying of US Congressmen is already producing a minor backlash in some Japanese circles, but quiet suggestions from US officials that Japan is showing it is not yet ready to become a permanent member of the UN have hurt.

NEWS IN BRIEF

Jordan expects 600,000 more fleeing refugees

Jordan said yesterday it expected another 600,000 refugees from Iraq and Kuwait to flee across its border with Iraq and appealed for long-term international help, Reuter reports from Amman.

"We expect ... 300,000 Egyptians and 310,000 Asians," says Mr Salameh Hammad, head of a government task force. "Indians will start arriving on Sunday at the rate of 2,000 a day."

Mr Hammad urged governments and international organisations to increase their aid to Jordan. So far Amman has received at least $85m in cash and kind.

Wörner urges wider Nato

Mr Manfred Wörner, Nato Secretary-General, said yesterday Nato should expand its role to help resolve conflicts outside the borders of the 16 member states, Reuter reports from Oslo.

"Nato nations ought to do more in a future crisis than they are able to in the Gulf crisis," Mr Wörner said. But it should not try to become an international police force. Under its 1949 founding charter Nato is a defensive alliance unable to intervene outside its own area. Member states have reacted individually to Iraq's invasion of Kuwait on August 2.

Egyptian diplomat in Iran

A senior Egyptian diplomat, Mr Munir Zahran, head of the ministry's department of international organisations, has arrived in Tehran to offer condolences for the death of a senior Iranian clergyman. It is the first such visit since Iran's 1979 Islamic revolution, Reuter reports from Cairo.

Saudi minister for Moscow

Minister of Pilgrimage and Endowments Abdul-Wahab Abdul-Wasie left yesterday for Moscow on the first-ever visit made by a religious affairs minister to the Soviet Union, AP reports from Jeddah. He is accompanied by the Imam of the Grand Mosque of Mecca, Sheik Abdullah Ibn Subail.

EC closer to decision on sanctions aid

By David Buchan in Brussels

MOST EC governments appear ready to agree to Brussels' proposal for Ecu1.5bn (£1bn) in Community aid to sanctions-affected states in the Middle East, but are split over tactics to elicit the maximum response from other donors such as Japan and Arab oil producers.

At next Monday's meeting of EC foreign ministers, Italy will use its position in the EC Council chair to push for a firm decision on the European Commission's proposal that Jordan, Egypt and Turkey should get Ecu1.5bn – half from the EC budget and half from EC national budgets – to help them bear the cost of maintaining sanctions against Iraq until the end of next year.

Several governments, including the British, Dutch and Danish, want a delay, arguing that for the Community to show its hand too early in the current poker game over Gulf aid would allow countries such as Japan to settle for a smaller contribution.

British officials believe that aid for front-line Gulf states would be better dealt with at the International Monetary Fund and World Bank meetings in Washington later this month, when all potential donors will be present.

Worldwide chemicals industry suffers a double blow

Higher raw material costs combined with weak demand are making life tougher than ever, reports **Clive Cookson**

THE worldwide chemicals industry has been put into a ferocious squeeze by the crisis in the Gulf. Raw material costs are far higher than six weeks ago, but manufacturers are unable to raise the price of most products because of weakening demand and overcapacity in the industry.

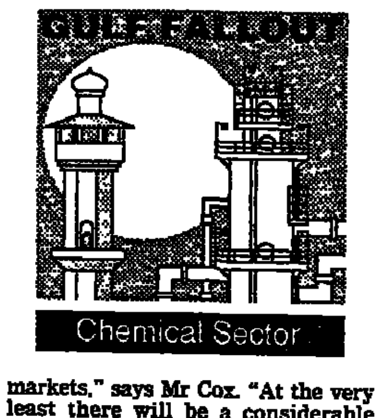
The cost of naphtha, the mixture of hydrocarbons refined from crude oil which is the most important ingredient for making petrochemicals and plastics, has risen from less than $160 (£86) a tonne in July to $300 a tonne. BP Chemicals estimates that the European chemical industry as a whole is paying $750m a month more for naphtha supplies as a result of the Gulf crisis.

Mr Tony Cox, chemicals analyst at Kleinwort Benson Securities in London, estimates that each $1 a barrel increase in the crude oil price knocks £5m to £10m off the annual profits of ICI, one of the world's top five chemical companies. Barclays de Zoete Wedd has cut its estimate of ICI's 1991 profits from £1.35bn to £1.17bn.

The three German chemical giants – BASF, Hoechst and Bayer – are in a similar predicament. Japanese and other Far Eastern producers were more dependent on naphtha derived from Iraqi and Kuwaiti crude oil and are therefore even worse off than EC companies.

US companies such as Du Pont and Dow will not be hit as hard in the short term, because they rely more on natural gas feedstocks and less on oil-derived naphtha than their European competitors, but this advantage will not last more than six months according to Mr Mike *Hyde, publisher of Chemical Insight,* an industry newsletter.

"There are grave doubts as to how much of the extra costs can be passed on to consumers, given the current flaccid state of most end



markets," says Mr Cox. "At the very least there will be a considerable time lag between the impact of *higher naphtha costs* and their recovery in higher plastics, synthetic fibres, solvents, etc, prices."

Manufacturers are trying to raise the price of the main polymers (plastics) such as polyethylene and acrylonitrile by 10 to 20 per cent this month, but it is not clear if these increases can be made to stick.

The demand for the products of the heavy chemical industry is generally slack. BP Chemicals says there is no sign of panic buying by chemicals and plastics users, who might want to build up stocks in anticipation of future price increases or shortages if the Gulf crisis turns to war. Short term demand of that sort gave the industry a temporary boost after the 1973 and 1979 oil price rises.

The chemical industry was going into a cyclical downturn before the invasion of Kuwait, following the highly profitable boom years of 1988 and 1989. All the major manufacturers reported lower profits in the first half of 1990 and there were growing signs of overcapacity. The question now is how much worse the Gulf crisis will make the chemical recession.

Not even the most pessimistic observers expect things to be as bad this time as they were during the chemicals crisis at the the beginning of the 1980s. All the main manufacturers have diversified to a greater or lesser extent away from bulk chemicals to higher-value, more research-intensive products. These "specialty chemicals" are much less exposed to the changing costs of raw materials and to economic cycles.

Monsanto of the US and Bayer of West Germany have moved furthest in this direction and seem most insulated from the effects of a prolonged increase in the oil price.

The greatest losers from the Gulf crisis may be the east European chemical producers which are facing a second leap upwards in raw material costs this year, following the Soviet decision in January to charge world market prices for crude oil. Most east European chemical plants are in poor condition and ill equipped to compete with western producers.

Worst placed of the western companies is probably Enimont, Italy's private-public joint venture which has been racked by unrelenting conflict between its parents ENI and Montedison. "If any company among the world's chemical majors needs the strongest management possible in today's difficult trading conditions, that company is Enimont, the second largest producer of petrochemicals and plastics," says Mr Stuart Wamsley, publisher of the newsletter Focus on Chemicals.

Enimont's product portfolio, which is dominated by bulk chemicals, makes it particularly vulnerable to the Gulf crisis. Mr Wamsley says "Enimont's strengths are much needed by the rest of the chemicals industry at this time but it is now one of the weakest links in the chain."

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AMERICAN NEWS

Brazil signs agreement with IMF

By Christina Lamb in Rio de Janeiro and Stephen Fidler in London

THE Brazilian Government yesterday signed a letter of intent with the International Monetary Fund entitling it to a $2bn loan, and said it would set up a reserve account into which it would pay interest due to commercial banks.

The Economy Minister, Ms Zelia Cardoso, said the 20-page agreement included no promise to restart interest payments on its foreign debt nor any predictions of inflation.

She said Brazil would not resume interest payments on bank debt until a new rescheduling agreement was reached. It would establish an escrow account for payments to banks in October when debt negotiations begin, and funds would be released when the agreement was completed, which could be by the year-end.

Brazil has not made any payments to commercial banks since June last year and its arrears on bank debt and debt to governments totalled $8.7bn at end-June, Ms Cardoso said.

The first $300m parcel of the standby loan was expected next month. "We will now renegotiate simultaneously with the IMF, the Paris Club and the commercial banks," she said.

The proposal for an escrow account will not please commercial bankers since it implies they will receive no interest payments from Brazil this year. Brazil's bank creditor committee, led by Citicorp, meets on Wednesday to discuss the situation.

It is also unclear whether Brazil's statement will satisfy all members of the IMF board which must ratify the agreement before disbursements can be made. A number of directors have been pressing for a more explicit commitment to start paying interest to banks.

Canada's deficit slows growth, says OECD

By Bernard Simon in Toronto

CANADA'S stubbornly high budget deficit is a major impediment to sustained non-inflationary growth, says the OECD's latest annual report on the Canadian economy, published today.

While applauding recent fiscal restraint measures, which are expected to reduce the deficit from 3.4 per cent to 2.7 per cent of gross domestic product between 1989 and 1991, the OECD says that the policy mix has put too much of the burden of fighting inflation on monetary policy.

"This imbalance has restricted efforts to contain domestic demand while contributing to monetary conditions that are tighter than they would otherwise have needed to be," the report says. By holding up the Canadian dollar, high interest rates have put a disproportionate burden on the goods sector of the economy. "There is a risk that holding to a restrictive policy too long could tip the economy into a sharp slowdown or recession," it adds.

However, the Bank of Canada has in recent weeks signalled some easing of its high interest rate policy. Local banks began dropping their prime lending rates yesterday from 14 per cent to 13.75 per cent, a full percentage point below the level at the beginning of August.

The OECD predicts a marked slowdown both in domestic demand and overall growth this year. Real GDP growth is expected to fall to 2 per cent (1.8 per cent in the second half) from 2.9 per cent last year. A slight recovery is forecast for 1991, with growth climbing to 2.6 per cent.

The brunt of the slowdown will be borne by consumer spending, public sector investment, and by the housing market.

The report predicts that business investment will remain relatively buoyant, thanks largely to restructuring caused by the US-Canada free trade pact, introduction of a new value-added tax next January and steady falls in the prices of capital goods – especially for computers.

Recent economic data suggests that the downturn may be more severe than the OECD forecasts. While the report predicts a rise in unemployment from 7.5 per cent in 1989 to a peak of 8.3 per cent in the second half of 1991, the jobless rate last month took an unexpected jump to that level.

Inflation, measured by the GDP price deflator, is expected to slip to 4.1 per cent this year against 4.8 per cent in 1989. However it is then forecast to rise slightly to 4.2 per cent in 1991, due largely to the one-time impact of the new Goods and Services Tax. The OECD expects the inflation rate to cool markedly in the second half of 1991.

Judge Souter: enigmatic

Judge Souter to face tough questioning

By Lionel Barber in Washington

THE Senate Judiciary committee yesterday opened confirmation hearings on Judge David Souter, serving notice on the Supreme Court nominee that he will face some politically charged questioning.

But it was unclear how forthcoming Mr Souter would be on key issues such as abortion, privacy and affirmative action during his two days of scheduled testimony.

If successful, the Souter nomination could tip the Supreme Court further in a conservative direction, though the views of the 50-year-old former Appeals Court judge from New Hampshire remain something of an enigma.

Senator Joseph Biden, Democrat committee chairman, said senators had "a duty to discover" Mr Souter's views. But this did not extend to seeking a commitment on how the judge would rule on specific cases.

Senator Edward Kennedy, who is most likely to lead a liberal Democratic charge against Mr Souter, said: "Our constitutional freedoms are too important to entrust them to justices who would turn back the clock."

Republicans cast the nomination in broader terms. Senator Strom Thurmond, the senior Republican on the committee, said the confirmation hearings should not include "direct questioning about sensitive issues that may come before the court."

Many Souter supporters have advised him to avoid being specific on sensitive issues such as a woman's right to an abortion. Three years ago, Judge Robert Bork, a prominent intellectual conservative, lost his bid to join the Supreme Court because of his delight in voicing controversial views, both in academic papers and before the committee.

Mr Souter may be able to avoid making any controversial statements during the hearings by saying it would not be proper for him to comment on matters he might have to rule on at a future date. Previous court nominees have taken that position.

Judge Souter, a self-effacing ascetic man who likes to listen to classical music and take long mountain walks, was chosen by President George Bush last July to succeed Justice William Brennan who served for more than 30 years as the liberal powerhouse on the Court.

Peru rejects US cocaine proposal

By Sally Bowen in Lima

PERU will not sign a $36m military assistance agreement with the US aimed at fighting cocaine trafficking, President Alberto Fujimori said on Wednesday.

Mr Fujimori, who had repeatedly warned he would not sign the agreement unless it included economic aid to wean farmers from growing coca, said Peru's military advisers "consider it against our interests."

Peruvian politicians have criticised the agreement, fearing it could lead to direct US involvement in a guerrilla war that has left nearly 20,000 dead since 1980.

The aid, approved by the US Congress in November 1989 for disbursement in the current fiscal year, had been intended to help out Peru's ragged and desperately underfunded army with essential clothing, equipment and rations, as well as providing training in anti-narcotics operations.

Mr Fujimori's predecessor, Mr Alan Garcia, had also refused to sign the agreement.

American law stipulates that funds such as those offered to Peru be utilised solely for anti-narcotics activities. But the Peruvian army is constitutionally charged with fighting subversion and terrorism rather than the drugs trade. Anti-narcotics matters are the province of the police, although in some emergency zones, like the coca-growing Upper Huallaga valley, drugs and terrorism are inextricably intermingled.

Mr Anthony Quainton, US ambassador to Peru, announced that the US would be virtually doubling direct anti-drugs financial aid to Peru in the coming year to $20m. This includes assistance to the Peruvian anti-drugs police and the interior ministry as well as funding for drugs awareness and training programmes.

Panama purges police force

By Tim Coone in Managua

PANAMA has purged its 12,000-strong police force, retiring almost 20 per cent of the 758 officers.

The list of 142 retirements, which was published yesterday, includes 25 officers with the rank of major or above, and follows a series of civil disturbances in which police used teargas and birdshot to disperse students protesting against the government's economic austerity measures.

The official explanation for the unexpected retirements is that the officers had served for more than 20 years, or were being retired early due to "accumulated vacation entitlement".

Unofficially however, it is thought that as social tensions rise due to the country's deep economic problems, the government has decided to purge the officers it considers unreliable.

The new national police was formed in January, shortly after the US invasion. Its members were mostly drawn from the ranks of the defeated Panamanian Defence Forces (PDF) which had formerly pledged their loyalty to General Manuel Antonio Noriega, the country's military strongman.

Gen Noriega was captured after the invasion and flown aboard a US military aircraft to Miami to face drug-trafficking charges in the US.

Carter to visit Haiti

Former US President Jimmy Carter will visit Haiti next week to consult top officials on the prospects for organising free elections even though they have been postponed, Reuter reports from Atlanta.

The trip follows a July visit to discuss international observers for elections, which had then been set for November.

El Salvador prepares for FMLN offensive

By Tim Coone in Managua

THE Government of El Salvador is preparing itself for a renewed offensive by the left-wing FMLN guerrillas should a new round of peace talks fail to produce any significant advances.

Representatives of the FMLN and the right-wing government of President Alfredo Cristiani, yesterday began their fifth round of peace talks this year, in the Costa Rican capital of San José.

Shortly before the meeting started, President Cristiani said from San Salvador that the Government was not prepared to cede to the guerrilla demand that both the FMLN and the armed forces be disbanded and a new police force be established in their place.

He described the FMLN negotiating position as "capricious. It has gone from more-or-less acceptable to extremist". He added that the army "is ready to confront any offensive by the FMLN".

The FMLN meanwhile are insisting that there must be a clean-up of the armed forces, and that the military's impunity to charges of human rights violations must end. An FMLN representative to the talks, Commander Francisco Jovel, said that the recent high-level shuffle of 11 officers in the armed forces and the naming of Colonel Rene Ponce as the new Defence Minister represents "a setback" to the peace process.

The FMLN accuses Colonel Ponce, along with numerous high-level army officers of involvement in human rights violations in El Salvador. The FMLN view has been echoed by Mr Fidel Chavez Mena, a leader of the Christian Democrat party, who described the high-command shuffle as "bureaucratic changes which do not address the heart of the problem".

Earlier this week in Mexico, FMLN leaders met with representatives of eight leading El Salvadorean political parties to discuss the peace process.

After the meeting Mr Shafiq Handal, one of the FMLN leaders, said that the ruling Arena party was prepared to consider electoral reforms and to support a voter registration drive in time for the municipal elections scheduled for March 1991.

The FMLN is considering its participation in the elections, but only on condition that the army accepts major organisational reforms to guarantee the safety of potential FMLN candidates.

The Costa Rican talks are due to finish next Tuesday, shortly before a vote is to be taken in the US Congress on a proposal to cut US military aid to El Salvador.

Singh to grasp the nettle of Punjab elections

By K.K. Sharma in New Delhi

MR V.P. Singh, India's Prime Minister, yesterday began consultations with political parties which support his minority government on the thorny issue of elections in Punjab, where Sikh militants have launched a violent movement for independence.

The consultations began after a meeting of the Indian cabinet discussed the Punjab issue and favoured early elections there – the first for more than five years. If Mr Singh's efforts are successful, elections for the state legislature will be held before November 12.

Punjab has been under president's rule – direct administration from New Delhi – since May 1987, when the local administration elected in 1985 was dismissed after its failure to check the militants.

President's rule is normally possible under the Indian constitution for only a year, but has been extended in Punjab by special amendments supported by all national parties. one reason for deciding on early elections is that a further amendment of the constitution would be difficult.

Amendments require a two-thirds majority in both houses of parliament. Since the National Front does not command such a majority, it needs the support of Mr Rajiv Gandhi's Congress party.

Mr Gandhi has refused to hold talks on the issue unless the prime minister indicates what the government is doing to settle the Punjab issue. Mr Gandhi says Mr Singh has no plan of action. Mr Singh has visited Punjab twice and conceded some long-standing demands of the Sikhs, but this led to no improvement in law and order there.

Early elections are supported by some factions of the Akali Dal, the Sikhs' main political party in Punjab, which wants restoration of democratic institutions in the state.

However, Mr Singh's main allies, the Hindu fundamentalist Bharatiya Janata Party and the Marxists, oppose elections on the grounds that conditions in Punjab will not permit a free and fair poll. But since President's rule cannot be extended beyond November 12 without Congress support, they may be forced to agree to the elections.

Pakistan seeks help to ease Gulf shocks

By David Housego in Islamabad

THE Pakistan government has privately approached several western governments for emergency foreign exchange assistance to help offset the additional balance of payments and budgetary costs of the Gulf crisis.

Mr Sartaj Aziz, the Finance Minister, said last night that Pakistan was seeking \$500m to help offset the \$1bn a year of additional costs caused mainly by a rising oil bill and the loss of remittances from Pakistani workers in Kuwait and Iraq.

Pakistan hopes to cover the remaining \$500m through savings in oil consumption and accelerated exports, particularly of rice. Western observers feel this figure is optimistic.

The appeal made to individual western governments including the US, Japan, Britain, Canada and West Germany comes at a time when the International Monetary Fund is refusing to release to Pakistan the final SDR 78m (£106.2m) of a standby credit until key changes in policy are carried through.

An IMF mission ended a visit to Pakistan earlier this week after failing to reach agreement with the government over measures needed to achieve IMF fiscal and monetary targets. The failure could also put in jeopardy a further SDR 108m drawing by Pakistan due as the final tranche of a structural adjustment facility.

Mr Aziz confirmed that the Fund was seeking a 40 per cent increase in domestic oil prices – or equivalent fiscal measures – to cover the additional burden to the budget of an increased oil bill. The interim government, which faces general elections on October 24, announced earlier this week that there would be no increase in oil prices "at this stage".

Mr Aziz said in an interview, however, that the government "will have to pass on the increase in petrol prices" – indicating that a 20 per cent rise in domestic prices was possible after next month's election.

The minister said that Pakistan's macroeconomic management had been blown off course by the threat of war with India earlier this year which had increased the defence bill by PRs12bn (£293m), or 20 per cent, and most recently by the Gulf crisis. Claiming that Pakistan had earlier been on course in meeting IMF targets, he said: "An adjustment programme cannot meet two exogenous events."

As a result of the Gulf crisis, the current account deficit of \$1.9bn, or 4 per cent of GDP, at the end of the latest fiscal year in June is expected to rise by 50 per cent, or \$1bn, in the current year. At the same time the budget deficit, which amounted to 6.7 per cent of GDP at the end of 1989-90, would rise by a further 1 to 2 per cent if no compensatory measures were taken.

In Washington next week Mr Aziz is to resume negotiations over the standby credit which is due to expire on November 30. Prime Minister Ghulam Mustafa Jatoi is also currently seeking financial assistance from Saudi Arabia and the Gulf states.

Pakistan's foreign exchange reserves stand at about \$500m – equivalent to about three weeks of imports.

Israel approves radical economic reforms

By Hugh Carnegy in Jerusalem

THE ISRAELI Cabinet last night approved significant reforms of the country's labour and capital markets, designed to generate sufficient growth in the economy to cope with a current huge influx of Soviet Jewish immigrants.

The proposals, presented to the Government yesterday by Mr Yitzhak Moda'i, the Finance Minister, contain a mixture of liberalisation and incentives, financed by some tax increases. They will be followed later by revised budgetary measures.

The aim is to stimulate an economy that has been virtually at a standstill for two years but which must now absorb annual immigration expected to total some 200,000 over the next five years.

There was resistance among ministers to a central financing measure in the plan, a proposal to apply value added tax at the standard rate of 16 per cent on fruit and vegetables and on tourist services. This did not appear to threaten the overall thrust of the plan.

Mr Moda'i must also win parliamentary approval for the measures to be put into effect.

Much of the emphasis was on promoting private investment and employment expansion by removing long-standing rigidities. The plan proposes cutting unemployment benefits and limiting minimum wage entitlements. It envisages breaking a link between public and private sector wage agreements, reducing employers' national insurance contributions, and granting government subsidies for new employment.

A series of reforms in the capital markets includes dropping the percentage of funds which savings institutions are obliged to invest in government instruments to 50 per cent from around 70 per cent. Restrictions on foreign borrowing by Israeli companies are to be significantly reduced and the freedom for Israeli banks to operate in foreign currency increased.

Immigration tide demands urgent changes

Hugh Carnegy assesses the size of the challenge confronting the Israeli economy

WHEN Mr Yitzhak Moda'i, the Israeli Finance Minister, presented a package of economic measures to the cabinet yesterday, some of his colleagues were unhappy about individual items. But none could be in any doubt about the urgency and magnitude of the task it is designed to tackle.

Any glance at the estimates being made about what successfully absorbing the wave of Soviet Jewish immigrants pouring into the country will require of the economy is enough to dispel complacency.

First, the sheer numbers of people: this week the 100,000th immigrant to arrive this year flew in to Tel Aviv airport. The Government estimates the total may rise to 1m over the next five years – more than one fifth of the present population. "It is the equivalent of the US having to absorb the entire population of the UK within a few years," said one official.

Professor Zvi Sussman, an economist and former deputy governor of the Bank of Israel, says the economy will have to cope in the short term with a 95 per cent increase in the number of graduates coming on to the employment market and a 133 per cent rise in the number of technical professionals such as engineers and architects.

ISRAELI POPULATION

	Existing 1989	Immigrants 1990-91
Population	4,512,000	360,000
Labour force	1,553,000	180,000
Graduates	120,000	108,000
Physicians	16,000	7,200
Engineers and architects	30,000	40,000

Source: Israeli International Institute

Because of Israel's commitment to accept any Jew into the state, quotas to slow the flow are not contemplated except *in extremis*, and would amount to an admission of failure of the state's founding mission. So the daunting projections must be faced.

The Finance Ministry reckons gross domestic product must grow by 8.5 per cent a year over the next five years; the business sector by 10 per cent. No fewer than 540,000 new jobs must be created in the same period to keep unemployment steady at its present rate of 10 per cent. Some 450,000 new dwellings will have to be built.

Exports should rise by 13 per cent a year, but even this would leave a trade deficit over five years of \$30bn (£16bn). This will require commercial foreign borrowings of \$12bn, with the balance to be financed through aid and fund-raising from the Jewish diaspora.

To cope with the challenge, Mr Moda'i has opted to pursue growth chiefly through accelerated liberalisation in the still heavily regulated economy – something the International Monetary Fund and the US have been urging Israel to do for some time. There is broad agreement that most of the newcomers must be put to work in the private sector if immigrant absorption of this scale is to succeed.

The government will continue to direct the absorption effort and will spend heavily in areas such as infrastructure improvements. But of the 540,000 new jobs it intends should be created, only 100,000 are to be provided in the public sector.

Thus yesterday's package was designed mainly to spur private sector growth through measures aimed at encouraging investment. Detailed budgetary adjustments are to come later. The package contained some straight inducements such as employment subsidies, but the main assault was on structural rigidities.

Proposals for the capital and labour markets are radical by Israeli standards. It is intended to release hundreds of millions of shekels for private investment by cutting the proportion of funds that savings institutions have to invest in government schemes.

Israeli banks will be able for the first time to guarantee corporate loans raised overseas and to make loans to Israeli companies from overseas branches. Companies will have greater freedom to borrow short-term funds abroad, ceilings on such loans will be lifted and so will taxes on the loans.

In the labour market, Mr Moda'i's plan to consolidate benefits into the minimum wage calculation, break the automatic link between the minimum wage and the average wage and sever a linkage in wage negotiations between the private and public sectors cuts across territory defended by the powerful *Histadrut* trade union federation.

Both domestic producers and exporters may be dismayed by proposals to cut foreign currency insurance, resist devaluation, cut import levies, abandon import licence requirements and remove within five years all non-tariff barriers. But the Finance Ministry says exposure to competition is a key element in producing sustained growth.

"There is no room for failure," said one economist. "I'm afraid there is not going to be a second chance to get it right."

About 150 left-wing demonstrators yesterday lie down near an office of US Aid for International Development in Manila demanding the immediate dismantling of US bases in the country. Agreement to have the bases in the Philippines is currently being negotiated.

Sri Lankan army breaks siege of fort

By Mervyn De Silva in Colombo

THE SRI LANKA army yesterday broke a two-month siege of the old Dutch fort at Jaffna, capital of the country's northern province and a stronghold of the separatist Tamil Tigers.

Eight soldiers were killed and more than 40 wounded in the fighting. A Marchetti aircraft, one of five in the island's air force, was also shot down and its crew drowned in the nearby lagoon.

General Cyril Ranatunge, Defence Secretary, said the troops "have now to take control of Jaffna city, and that will be tough going".

As many as 43 Tigers were killed in the fighting as the troops poured into Jaffna from the three islands south of the fort. The army's advance had been painfully slow since the causeway leading to the fort was blown up by Tamil frogmen.

The army will now start to bring back the 210 soldiers and policemen who were trapped in the fort, encircled by heavily fortified Tiger bunkers. "Fighting from now on may be from street to street," said an army official.

Mahathir: centrepiece

Mahathir pulls back from road toll scheme

By Lim Siong Hoon in Kuala Lumpur

THE Malaysian Government yesterday halted a toll collection scheme on one of the two main roads leading south from Kuala Lumpur, the capital, following several days of violent protests and the arrest of more than 50 people in the past week.

The decision has left one of Malaysia's largest infrastructure privatisation contracts in ruins after only 12 days in operation. It also represents a political setback for Dr Mahathir Mohamad, the Prime Minister, whose United Malays National Organisation (Umno) has made privatisation of the country's roads a centrepiece of his administration.

The disturbances at the Cheras Road tollgate were among the worst seen in Kuala Lumpur since racial riots in 1969. Cheras is predominantly a Chinese populated area, whose inhabitants accuse the Malay-led Government of being not only insensitive to their grievances but also – in connivance with Teratai, the Cheras Road concession holder – out to exploit them.

On September 1, when toll collection started, Dr Mahathir had reiterated his personal support for the scheme, and said no negotiation was possible over the toll rate. His government has now ordered a "comprehensive review" of the toll system and governing contracts, though it gave no indication of deadlines for the proposed review.

Three of those arrested – including Mr Tan Kok Wai, the area's opposition MP – were held under the Internal Security Act, which permits indefinite detention without trial; 48 others face charges for rioting.

The government's decision appears to mean the end of a current privatisation contract with Teratai. The company, which is alleged to have close connections with the government, groups four local and two foreign investors.

The violence centred on the relatively high cost of the toll charges on the road, which runs for some 10km through Cheras, a densely populated suburb. For the vast majority of the road users who live within a 3km to 4 km radius of the toll interchange, a M\$2 (40p) daily round trip meant annual toll charges of at least M\$700 (£140), representing 14 per cent of annual average per capita income.

Hundreds of protesters had been blocking the way to the toll plaza. Riot policemen last week responded with batons and later teargas against residents who, from the vantage point of an abandoned hill-top construction site, had pelted them with stones.

The government yesterday took the unusual step of admitting that there had been "negligence" in the way the toll had been introduced. However, Mr Ghafar Baba, the deputy prime minister, dismissed any suggestion of government responsibility, saying that the privatisation was concluded between Kuala Lumpur's City Hall authorities, the Public Works Department and Teratai.

A new toll rate structure will have to be drawn up if the scheme is to restart. Teratai and its group of 14 financial backers will have to negotiate a new financing package. J. Henry Schroder Wagg, the British financial group, advised on the original.

Payments to Mitsui Construction, an equity holder and civil works contractor to the still unfinished overall project, may have to be partly rescheduled now the project has stalled.

Collection on the Cheras Road toll constituted up to half of Teratai's total projected revenue. The official line is that were the Cheras toll charge halved, the government would incur a subsidy payment of M\$200m to Teratai.

Malaysia's gross domestic product grew at a real annual rate of 9.5 per cent in the first half of 1990 compared with 8 per cent in the same period of last year, according to Mr Daim Zainuddin, Finance Minister, Reuter reports from Kuala Lumpur. Bank Negara, Malaysia's central bank, had earlier forecast GDP this year growing at nearly 9 per cent against 8.5 per cent in 1989.

China hopes for ties with Hanoi

By Peter Ellingsen in Peking

CHINA expects its troubled relations with Vietnam to improve now that an apparent solution to the Cambodian impasse is in place.

Li Jin Hua, a Foreign Ministry spokeswoman, said yesterday that Peking's links with Hanoi would "gradually improve" as the United Nations sponsored formula for a ceasefire followed by elections for a new Cambodian Government was implemented.

She said China would maintain contacts with all four parties to the Cambodian conflict, including the Vietnamese-backed regime of Hun Sen, once the framework of the comprehensive peace settlement was operating. China, has been the main arms supplier to the Khmer Rouge.

Bush maintains economic embargo against Vietnam

By Nancy Dunne in Washington

THE BUSH Administration has extended for a year the economic embargo against Vietnam in spite of improving relations between the US and its former enemy, and has renewed sanctions against Cuba, North Korea and Cambodia.

President Bush was required by law to decide by today whether to continue the embargo. Congress seems to back the President's Vietnam policy, particularly the shift announced in July by Mr James Baker, the Secretary of State, when he withdrew recognition of the Khmer Rouge-dominated resistance coalition in Cambodia and announced that the US would begin to talk with Hanoi.

Mr Stephen Solarz, the influential Democratic chairman of the House Asian and Pacific Affairs subcommittee, is supporting the embargo extension until the settlement reached in talks over Cambodia's future is implemented.

However, if Vietnam is seen as having played a "constructive" role in bringing about power-sharing in Cambodia, he would press for an immediate lifting of the sanctions.

Mr Christopher Wall, an international trade lawyer in Washington, said there had been a shift in the attitude of the US business community. "They see their competitors getting established in Vietnam, and the Japanese going in," he said and many are urging a lifting of sanctions.

End in sight, Page 18

Credit for small and medium scale businesses

World Bank scheme questioned

By William Keeling in Lagos

PROBLEMS faced by small and medium scale businesses in developing countries in getting access to credit have been highlighted by a \$270m (£146m) World Bank project in Nigeria.

In 1988 the Bank opened a line of credit to be used specifically for such businesses but to date less than 2.5 per cent of the facility has been taken up.

World Bank officials say the slow uptake is partly the fault of commercial and merchant banks who have been reluctant to take part in the scheme. Other negative factors during the period have been persistent high inflation and generally unattractive interest-rates.

Many Nigerian bankers, however, question the suitability of the programme. The foreign exchange risk for the scheme is taken by the Central Bank of Nigeria which pays the World Bank a floating interest rate of about 7 per cent.

The central bank on-lends in local currency to the commercial and merchant banks who have to take the overall credit risk in the event of the recipient of the loan failing to repay.

Analysts believe banks consider small and medium scale companies as high-risk areas. Although 22 banks have been authorised to take part in the scheme only four have taken on new clients. And some bankers have complained that the scheme misjudges the need of the economy.

To date 11 companies have received finance under the scheme. Activities range from the manufacture of mosquito coils to mining lead and zinc ore.

هكذا من الاهالي

The banks' high interest current accounts are a definite no, no, no, no, no.

The banks have never been what you'd call benevolent institutions.

On the contrary. These are the same people who have been known to charge customers the cost of a phone call from one of their branches to another. The very folks who slap people with a £6 fee just for stopping a cheque.

The same monuments to fairness who charge customers a rather exorbitant £5 for a copy of their bank statements.

[redacted]

So you have every right to be sceptical when the banks come up with a current account that pays uncharacteristically high interest.

And we wouldn't be surprised if you asked them a few pointed questions about what, exactly, these current accounts include.

Do they all give you a cheque guarantee card? No. And what about a card for cash-points? Sorry, no.

Certainly they all provide you with direct debits and standing orders? No, and, er, no.

Well, at least these bank accounts provide plenty of cheques without ever charging their customers any extra fees, don't they?

Not on your life.

In fact, do any of the banks' high interest accounts give you all of the essential services you should expect from a current account? No.

[redacted]

Fortunately, at Nationwide Anglia, we have a different approach.

We want to allow people who are willing to deposit large sums of money in a current account to get the highest interest possible.

That's why we've made our FlexAccount right for even more people, by adding two new tiers of interest. This way, you can earn up to 10.5% net p.a.

What's more, you won't be giving up the services you really need from a current account.

Things like a card that works in thousands of cash-points. A cheque guarantee card. Standing orders and direct debits without fees. And the ability to make out cheques until you get writer's cramp if you so desire.

Moreover, with FlexAccount you can ring our Home Banking service any time, day or night, and pay bills, check your balance or request statements.

Try calling most banks at midnight and asking them to pay a bill. You'll get a recording that kindly asks you to call back during normal business hours. [redacted]

There's another helpful service FlexAccount offers you that most bank high interest accounts don't. An overdraft facility.

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You can now get 10.5% net p.a. on £10,000 or more and 9% net per annum for £5,000. A £2,000 balance still earns you 8% net per year.

£500 pays 6.5% net annually. And you'll receive 5% interest net per annum for a balance as low as £1 (which happens to be our minimum opening deposit).

It's obvious that if you want to earn high interest on your current account, you don't have to take no for an answer when it comes to the facilities you need.

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The first thing to do is call into any of our branches. We'll even provide a transfer pack that simplifies the process of changing accounts.

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For additional information about the advantages of changing to FlexAccount, please stop by your local Nationwide Anglia branch.

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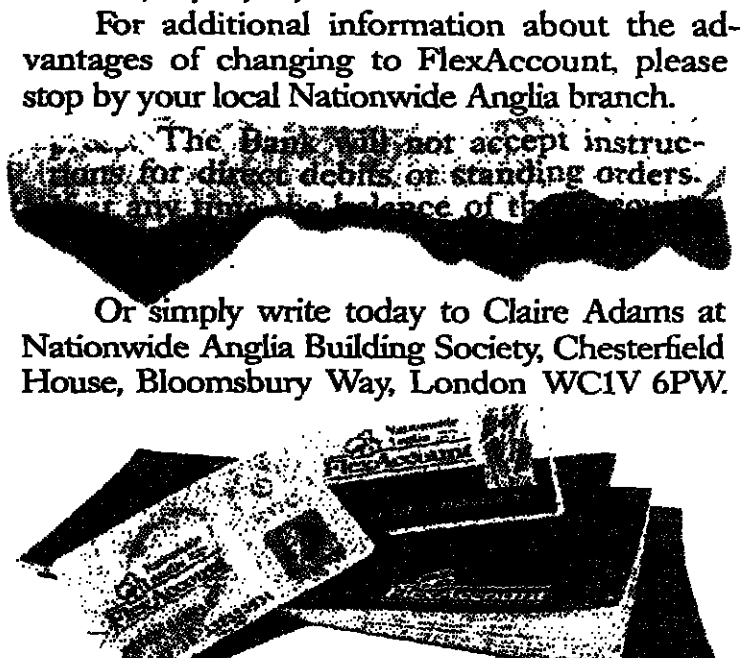

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FlexAccount. We always remember whose money it is.

All interest rates quoted are net of basic rate tax. Interest paid annually. Overdrafts and cheque guarantee cards are only available to those over 18 and are subject to status. Written quotations available from Chesterfield House, Bloomsbury Way, London WC1V 6PW. Rates correct at time of going to press and may vary.

US-Soviet relations now seem closer than at any time since end of wartime alliance

Gorbachev proposes summit before year's end

By Anthony Robinson in Moscow

PRESIDENT Mikhail Gorbachev yesterday held out the prospect of another US-Soviet meeting before the end of the year.

Speaking at the end of three hectic days of superpower diplomacy, he proposed that the next summit take place after the 35-nation Conference on Security and Co-operation in Europe (CSCE) expected to be held in Paris in November.

Mr Gorbachev said his talks with Mr James Baker, the US Secretary of State, had concentrated on reducing strategic and conventional weapons. The US is demanding wants prior agreement on conventional arms reductions at the Vienna talks as a precondition for holding the CSCE summit in November as planned.

With broad agreement on the Gulf and other major foreign policy issues confirmed at the weekend summit in Helsinki, US-Soviet relations now appear to be closer than at any time since the end of the old wartime alliance.

This is also reflected in a new urgency from both sides to cement their political relations with improved trade and business links.

A group of 15 chief executives led by Mr Robert Mosbacher, the US Commerce Secretary, yesterday spent over three hours with Mr Gorbachev, who expressed keen interest in US investment and told them that the Supreme Soviet (parliament) would pass new emigration laws within the next two months.

That would free President George Bush to ask Congress to repeal the Jackson-Vanick amendment which has prevented the Soviet Union gaining most favoured nation status.

At the same time Mr Mosbacher urged the Soviet authorities to honour their commitments to US businessmen and eliminate arrears on trade payments which recently exceeded \$200m and are now between \$100m and \$200m.

Mr Baker left Moscow for Damascus after discussing the Gulf with both Mr Gorbachev and Mr Shevardnadze. He is due to meet Syria'sPresident Hafez al-Assad today as part of Washington's bid to add to the pressure on Iraq to withdraw troops from Kuwait.

Mr Baker (centre) introduces Mr Mosbacher to the Soviet President

Shatalin aims to turn economy upside down in 500 days

By Quentin Peel in Moscow

THE SHATALIN group programme for the Soviet economy, named after President Mikhail Gorbachev's close adviser Stanislav Shatalin, is a revolutionary plan to turn the economy upside down inside 500 days.

In its first 100 days alone – supposed to begin on October 1, if all the republics follow the lead of Russia in backing it – it calls for a start on wholesale privatisation of state property, sweeping land reform leading to dissolution of the giant state and collective farms, drastic cuts in the budget deficit, and a halt to virtually all subsidies for state enterprises.

By November, a stock exchange is supposed to be established, and 50-60 state enterprises transformed into joint stock companies by the end of the year.

Housing and land plots will be transferred or sold for a token price to long-time tenants, while shops and small businesses are to be sold on leasehold or freehold.

The primary aim is to bring the huge monetary overhang in the Soviet economy (officially estimated at Rbs165bn, or 40 per cent of all cash and savings) under control before prices are liberalised. That would begin in the second phase – liberalisation – from January to June 1991.

But the prices of up to 150 "essential goods" would be frozen, and strict rationing possibly introduced, in order to prevent the poorest from being devastated by the reforms.

The budget deficit, currently estimated at Rbs80bn-Rbs90bn for the present year, is supposed to be reduced to zero at the same time, with potentially drastic effects for loss-making enterprises, the government bureaucracy, and the military. At the same time wages will be indexed, although the index will not include many non-essentials.

Members of the 13-strong Shatalin group, brought together by President Gorbachev and Mr Boris Yeltsin, the Russian federation president, to work out a joint programme, admit that inflation, unemployment, and the destruction of a part of outdated Soviet industry is inevitable.

"In my opinion a mild tempo of inflation is the least painful way of transition to a market," says Professor Yevgeny Yasin, one of the leading members, who previously worked with the Government's own economic reform commssion. "I think it is inevitable whether we want it or not." The aim is to keep it under some control.

He says the programme does draw significantly on the Polish experience, but the Soviet population would not be able to suffer the same inflation rate. "Our population on the whole is much poorer than in Poland. That means that the standard of living of the greatest part of the population is already so low that it cannot be lowered."

The third phase of the programme – from 250 days to 400 days – is called "stabilisation of the market." Privatisation of state property will continue apace, with up to 40 per cent of industrial enterprises, 50 per cent of construction and transport industries, and 60 per cent of retail trade and services, supposed to be sold off by Day 400.

By then, the plan admits blandly, "recession should be expected, especially in the basic industries, construction and engineering." Professor Nikolai Petrakov, Mr Gorbachev's personal economic assistant, is convinced that the worst of unemployment can be absorbed by small businesses and the inevitable growth of the service sector.

On the other hand, Prof Yasin admits that eventually – although over a far longer period – up to half the capacity of present heavy industries, including iron and steel, and the mining industry, will have to shut down.

Phase Three also includes the dramatic acceleration of rouble convertibility. Already, by next month, a hard currency market will be introduced, extending the present auction system. By the end of 1991, "the market rate of exchange will become the sole one."

The last 100 days are labelled "the beginning of recovery," in which the market mechanisms are supposed to begin to operate. Housing reform, a cornerstone of the plan, is supposed to encourage formation of a genuine labour market, with the abolition of the hated residence permits.

"Every support must be given to independent trade unions as defenders of workers' interests," the plan declares, as well as to associations of entrepreneurs and managers. Finance and credit policy should be eased, assuming "the development of competition, entrepreneurship and the stabilisation of prices."

Given the time-scale, that must be very much open to question.

Swedish ruling party faces tough choices as support ebbs away

SWEDEN'S ruling Social Democrats gather in Stockholm this weekend for their triennial congress amid signs that the party is losing the domination it has enjoyed for nearly 60 years.

Only about a third of the electorate supports the party. It has lost ground especially among young voters and in the cities and faces an uphill battle to recover its popularity by next September's general election.

The Social Democrats have some crucial decisions to take during the six-day congress. The 350 delegates must decide whether to drop their commitment to phasing out nuclear power by 2010. They are expected to approve the introduction of commercial television and the building of a road and rail bridge over the Oresund waters between Sweden and Denmark, both of which have been long postponed and are likely to be resisted by a vocal minority.

Sweden's future relations with the European Community will be up for debate, although the increasingly positive attitude being taken by the party leadership towards EC membership is not expected to cause an open split at the moment.

But the main task of the congress will be to endorse a programme for the 1990s designed to revive the party as the leading force in Swedish politics. This is already arousing controversy. A growing number of rank-and-file traditionalists seem unsure what the Social Democrats stand for these days and worry about what they see as the Government's right-wing policies.

Others outside the party question whether social democracy can survive much longer in its present form. Doubts are being raised about the durability of the old ideology of equality, security and solidarity that gave the Social Democrats their distinctive character.

The debate has been fuelled by publication of a Government-sponsored report on democracy and power in Sweden. It states bluntly that the period of Swedish history characterised by strong public sector expansion and centralised agreements between capital and labour is over.

While warning that talk of the death of the "Swedish model" is misconceived, the report suggests that the present "is characterised by individualism and the internationalisation of Sweden." It believes the country must reconcile "the desire for social security" with that for "individual freedom of choice".

The party seems to have lost much of its self-confidence. Earlier this year, Mr Ingvar Carlsson, the Prime Minister, and party ideologues such as Mr Pierre Schori, believed the emerging democracies in eastern Europe would look to Sweden in their attempts to establish a middle way of economic efficiency and social justice.

The Social Democrats have only a year to recover their popularity before the next general election, writes Robert Taylor

This has not happened on any significant scale. And, indeed, Sweden is finding itself under pressure to change as its economy becomes more integrated with the rest of western Europe. The egalitarians of the movement lack the popular appeal they enjoyed even 10 years ago.

Whether the rank-and-file remain faithful in the midst of greater emphasis on personal choice will depend very much on the leadership's capacity to inspire. Since the murder of Mr Olof Palme in February 1986, Swedish social democracy has lacked a visionary voice. Too often Mr Carlsson finds himself on the defensive.

"The trouble with our party is that the members think we are an 80 per cent party but in fact we are in a minority and we always have been," says one of Mr Carlsson's shrewd advisers.

However, the Social Democrats retain an impressive organisational machine and their powers of recovery should not be underestimated. In the late 1960s the party found the inner strength for renewal and went on to one of its most famous election victories in 1968.

EC merger control plan flawed, says UK study

By Guy de Jonquières, International Business Editor

THE European Community's new merger control regulation, which comes into force later this month, is seriously flawed and may need to be substantially revised if it is to have any real impact, according to a study of EC competition policy.

The study, commissioned by the Royal Institute of International Affairs, says the regulation would be more effective if the EC set up a European Cartel Office, independent of the European Commission, to enforce it.

However, it also says that any such attempt to change the workings of regulation, which were agreed only after lengthy and difficult negotiations between EC governments, would be likely to face stiff political resistance.

The study, edited by Mr Peter Montagnon, World Trade Editor of The Financial Times, says the regulation, which takes effect on September 24, suffers from a number of weaknesses:

● Its scope is severely limited by the decision to apply it initially only to mergers between companies with a combined annual turnover of Ecu5bn (£3.5bn) or higher. That would exclude most mergers and could prevent Brussels intervening at all in mergers in niche industries such as pharmaceuticals.

● The wording of the regulation is confused and inconsistent, creating uncertainties about how far the EC should judge mergers purely on competition grounds, and how far it should take "public interest" considerations into account.

● The regulation does not go far enough to eliminate wide differences between EC countries' attitudes to mergers, or to curb the power of individual governments to pursue anti-competitive industrial policies.

● The Commission's procedures for administering the regulation are cumbersome, and it would be hard-pressed to reach balanced decisions within the stipulated timescale. It would also be difficult to prevent unauthorised leaks of information and insider trading.

The study says Sir Leon Brittan, the competition Commissioner, has adopted an uncompromising line on merger control. However, there is no guarantee that his successors in the job would be equally strict, and further institutional change is needed to entrench free competition as the guiding force of EC economic policy, it says.

The study proposes that a European Cartel Office be created to assess mergers by a purely competitive yardstick. When the office prohibited mergers, the companies involved could challenge its decisions in the European Court or apply to the Commission for exemptions.

The study also suggests that the Commission's competition directorate should have a bigger say in EC trade policy, particularly in anti-dumping cases. The directorate should be made responsible for assessing the injury caused by alleged dumping to EC industries and for estimating the cost to consumers of imposing anti-dumping duties on imports.

European Competition Policy. Royal Institute of International Affairs/Pinter Publishers. 25 Floral Street, London WC2E 9DS. £7.95

Youths die in Kosovo clash

Two ethnic Albanian teenagers were killed yesterday in a clash with police in Yugoslavia's Kosovo province, the first deaths since about 30 people were killed in riots in January and February, Belgrade Radio said, Reuter reports.

The two died as police armed with automatic rifles raided three villages looking for weapons. Two policemen were also injured and 30 people were arrested.

Yugoslavia's biggest republic, Serbia, dissolved Kosovo's government and parliament in July after ethnic Albanian deputies to the regional assembly declared independence from Serbia.

East Germany wins interim EC deal

Interim arrangements that will allow East Germany to be absorbed into the European Community yesterday won final approval in the European Parliament, allowing them to come into force after German unification on October 3, writes Lucy Kellaway in Brussels.

On Wednesday member states agreed in an emergency session to the parliament's amendments, which granted greater power to the European Commission and less to the Council of Ministers during the interim period.

Greeks stage general strike

Several hundred thousand Greeks yesterday joined a 24-hour general strike called by the country's two biggest trade union federations to protest against the conservative government's decision to overhaul the deficit-ridden state pension system, writes Kerin Hope in Athens.

US disk drive plant planned in Europe

Seagate Technology of the US, the world's largest independent manufacturer of computer disk drives, is to build a new European factory, Mr Alan Shugart, the company's chairman, said in London yesterday, writes Michael Skapinker. Mr Shugart said Ireland was the leading contender for the plant, although he was also looking at other European countries. The factory, which will make several of Seagate's disk drive products, will start production by the end of next year.

EC decision may raise use of gas

By David Buchan in Brussels

EUROPEAN Community governments have decided, in the wake of the Gulf crisis, to encourage the use of natural gas by scrapping a 1974 EC decision designed to deter states from building gas-fired power stations.

After the first oil price shock, the EC introduced an especially cumbersome authorisation procedure for power stations using gas – then thought to be in as short supply as oil – in the hope that more coal would be burnt.

Since then, more gas than oil has been found and coal has come to be regarded as a major pollutant.

Before the Gulf crisis the European Commission had asked member governments to rescind the 1974 procedure on environmental grounds, and senior national energy officials meeting in Brussels this week responded positively.

West European car sales falter after five years of buoyancy

By Kevin Done, Motor Industry Correspondent

WEST EUROPEAN new car sales fell by 3.9 per cent in August to 1.16m, confirming industry fears that demand is weakening after five years of record sales.

In the first eight months sales across 17 markets in western Europe were 0.6 per cent lower than a year ago at 9.43m.

Sales last month were depressed in particular by the sharp 13.4 per cent fall in demand in the UK, where August is the most important sales month.

In the first eight months, sales were lower than a year ago in five markets, led by falls of 19 per cent in both Sweden and Finland. In the UK sales dropped 11.6 per cent and in Spain 8.3 per cent, according to industry estimates. Sales were higher in 12 markets.

In August alone new car demand was lower than a year ago in nine markets and higher in eight. New car sales are becoming increasingly dependent on West Germany, the biggest single market in western Europe, where sales jumped by 16 per cent in August to an estimated 224,000.

The Volkswagen group of West Germany, which includes Audi and SEAT, is widening its lead at the top of the western European sales league helped by faltering sales by Fiat of Italy.

For the past two years Fiat has failed narrowly to oust VW from leadership of the European market. In the first eight months this year its sales volume has fallen by an estimated 3.6 per cent, however, and the company is being forced to lay off workers during autumn at several Italian car plants.

By contrast some VW car plants in West Germany are working extra shifts this autumn to cope with continuing strong demand. VW's share of the market has increased to 15.1 per cent from 14.9 per cent a year ago, while the Fiat group's share has dropped to 14.3 per cent from 14.8 per cent.

VW is set to remain top selling car maker in western Europe for the sixth successive year.

General Motors, the world's biggest car producer, is maintaining its strong performance in western Europe, where it is the fastest growing volume car maker. Sales by its Opel/Vauxhall subsidiaries rose by 3.6 per cent in the first eight months.

Japanese new car sales have jumped by an estimated 5.8 per cent to capture around 11.6 per cent of the western European market, compared with 10.9 per cent a year ago.

Nissan sales have fallen, as the company has been hit by the weakness of the UK market and by the change of model generation at its UK plant, but Japanese sales overall have been boosted by strong performances from Toyota, Honda and Mazda.

WEST EUROPEAN NEW CAR REGISTRATIONS
January-August 1990

	Volume (Units)	Volume Change(%)	Share (%) Jan-Aug 90	Share (%) Jan-Aug 89
TOTAL MARKET	9,434,000	−0.6	100.0	100.0
MANUFACTURERS:				
Volkswagen (incl. Audi & SEAT)	1,420,000	+0.7	15.1	14.9
Fiat (incl. Lancia, Alfa Romeo & Ferrari)	1,351,000	−3.6	14.3	14.8
Peugeot (incl. Citroen)	1,218,000	−0.2	12.9	12.9
General Motors (Opel/Vauxhall, US* & Saab)	1,112,000	+2.8	11.8	11.4
– Opel/Vauxhall	1,064,000	+3.6	11.3	10.8
– Saab**	40,000	−17.1	0.4	0.5
Ford (Europe, US* & Jaguar)	1,105,000	−3.2	11.7	12.0
– Ford Europe	1,088,000	−3.0	11.5	11.8
– Jaguar	14,000	−14.3	0.1	0.2
Renault	948,000	−1.2	10.0	10.1
Mercedes-Benz	298,000	+1.2	3.1	3.1
BMW	261,000	−5.8	2.7	2.9
Rover	287,000	−6.6	3.0	3.2
Nissan	277,000	−4.3	2.9	3.0
Toyota	252,000	+4.0	2.7	2.5
Mazda	195,000	+22.7	2.1	1.7
Volvo	172,000	−7.0	1.8	1.9
Total Japanese	1,091,000	+5.8	11.6	10.9
MARKETS:				
West Germany	2,066,000	+5.9	21.9	20.5
Italy	1,654,000	+1.1	17.5	17.2
France	1,596,000	+5.0	16.9	16.0
United Kingdom	1,545,000	−11.6	16.4	18.4
Spain	719,000	−8.3	7.6	8.3

*Cars imported from US and sold in western Europe
**GM holds 50 per cent and management control of Saab Automobile
Source : Industry estimates

Yugoslavia sickens from old ethnic and nationalist wounds

Laura Silber reports from Belgrade on a deeply divided society with few prospects of peaceful change

A GLOSSY booklet promoting Belgrade as host for the 1996 Olympics and claiming that the Yugoslav capital ranks among the world's safest cities was recently ridiculed by the Zagreb newspaper Vjesnik.

Belgrade did not stand a chance of hosting the Olympics in 1996, wrote Vjesnik, because by 1996 Yugoslavia would probably no longer exist.

This bleak prognosis is not only based on the end of 45 years of Communist rule and the emergence of the multi-party system in some of the republics, it also stems from the rise of nationalism. The revival of ethnic tensions and territorial claims are eroding attempts at peaceful transition to a multi-party state.

And as Communist power weakens, the country's diverse population of 23m people is rallying around nationalist parties divided along ethnic lines. Inevitably these are coming into direct conflict.

"All sides have formulated their claims. Now we're at the stage of litigation," says Mr Srdja Popovic, a prominent human rights lawyer.

The sides consist of six republics, each endowed with its own political traditions, ethnic minorities and religions. In addition, the political goals of the republics are becoming polarised between two camps: those who want a federation and those who want a confederal structure. Both views are coloured by nationalism. For instance:

● Serbia, the biggest republic, wants to maintain the present federal structure. But paradoxically, Mr Slobodan Milosevic, its president, has done the most to sever the fragile threads with which the late President Tito bound the Yugoslav federation.

By appealing to nationalist sentiments, Mr Milosevic brought the autonomous provinces of Kosovo and Vojvodina under the direct control of Belgrade. But he wants more. He and other nationalist parties in Serbia want to extend their influence into the neighbouring republics of Croatia, Macedonia and Bosnia-Hercegovina.

● Croatia wants a confederal structure aimed at keeping Serbia, its traditional rival, at a safe distance. These sentiments facilitated the rise to power in elections last April of right-wing Croat nationalists, grouped around Mr Franjo Tudjman, the republic's president. Their election manifesto was simple: In view of Serbia's claims on Croatia, the republic should become a sovereign state.

Since then, relations between the new government and the republic's 600,000-strong Serbian minority erupted into violence. Croatia's Serbs fear being left defenseless against Croat nationalists; fears kindled in particular by memories of the brutal civil war of 1941.

● Slovenia, the richest republic, wants a confederation as well. Its 2m inhabitants took a step towards leaving Yugoslavia when the newly-elected parliament last July proclaimed Slovenia's sovereignty. But the republic, recently threatened with armed intervention if it exercised its sovereignty, has nowhere to go as yet.

● Montenegro, one of the poor republics in the south, for the moment supports neighbouring Serbia. But the largely Orthodox Montenegrins, who are the closest to their co-religionist Serbs, are also divided between those willing to tow the Belgrade line and those advocating greater autonomy. Elections are due later this year.

● Macedonia is in turmoil. There, nationalists are capitalising on growing popular frustration with increasing poverty, low incomes (about half

the Yugoslav monthly average of \$300), and fears about the political role which the Albanian minority might soon play in the republic. These factors are likely to drive many voters to the extreme nationalist parties when the elections take place in November.

One of these parties is VMRO, the Internal Macedonian Revolutionary Organisation, Europe's oldest terrorist group which vows an armed fight for independence.

● Bosnia-Hercegovina is also in ferment. Its diverse population is divided between Serbo-Croat speaking Moslems, (39 per cent) Orthodox Serbs (32 per cent) and Catholic Croats (18 per cent). In recent months, the Croats and Serbs have each sought to gain dominance. But this has only mobilised the Moslems into becoming a political force determined to demand rights and political representation.

● Kosovo, now under Serbia's control, is divided between an increasingly politically conscious and radicalised ethnic Albanian majority, and the Serbian authorities who refuse to devolve any autonomy to the province. The violence directed against the ethnic Albanians by the Serbian authorities was repeated yesterday. It is likely to continue as both sides dig themselves into two irreconcilable camps.

Given these diverse ethnic, political and nationalist tensions, it is difficult to see how instability or even civil war can be avoided. But two players hold the cards. One is Mr Ante Markovic, the Prime Minister, the other is Mr Milosevic.

The latter so far has concentrated his efforts on reducing inflation, introducing the external convertibility of the dinar, and reforming the banking and taxation systems in the face of sometimes considerable resistance from the republics. These efforts, however, have been overshadowed by a continuing fall in industrial production and a sharp decline in living standards.

But having founded his own political party, Mr Markovic may now try to assume the role of mediator in order to reach some compromise between Serbia, Croatia and Slovenia.

In the event of such a compromise, the 1.8m Albanians in Kosovo might be sacrificed to Serbia. Such a deal, however is likely to lead to permanent friction between Serbia and Kosovo's ethnic Albanian community. In which case, the future of Yugoslavia rests with Serbia.

Attempts by Mr Milosevic, who changed the name of the republic's Communist party to the Socialist party in an attempt to make it more palatable to the electorate, have backfired. He is now faced with the rise of anti-Communist political movements who are more nationalist than he. He is also faced with a serious economic crisis in the republic, compounded by growing unemployment.

In an effort to regain the political initiative in his republic, Mr Milosevic last week broke all precedent. Contrary to previous statements, he said Croatia and Slovenia were not responsible for the economic and political crisis. This may signal the beginning of negotiations between these three republics on ways to build foundations for a new Yugoslavia. If not, then any bid to host the Olympics in 1996 is certainly a dream.

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EUROPEAN NEWS

EC hosts German 'guests'

By Lucy Kellaway in Strasbourg

The interim arrangements to allow East Germany to be absorbed into the European Community yesterday cleared the final hurdle of approval in the European Parliament. The measures now come into force after October 3.

On Wednesday member states agreed in an emergency session to the Parliament's amendments, which granted greater power to the European Commission and less to the Council during the interim period. The package was approved by the Parliament yesterday in a second reading.

EIGHTEEN East German MPs in smart new suits peered down from the visitors gallery on to the great democratic chamber of the European Parliament down below. The ranks of empty seats and the voices protesting about the a new postage stamp put out by the United Nations were their first taste of democracy EC style.

To jaundiced westerners the European Parliament can appear a travelling circus whose performers never seem to do anything. Seen through the eyes of Mr Reinhard Weis, a young SPD member of the Volkskammer, the Parliament was "perfectly organised, and impressive in the way people from different countries work together so happily."

Mr Weis – who said that his ambition was to become an MEP one day – was particularly impressed at the warm welcome. A similar reception was not accorded to all his East German colleagues. French MEPs pointedly declined to refer to the extra members as colleagues, calling them guests instead.

The party of 18 who attended this week's session may have been mere observers, but their presence highlighted the difficulties ahead if a united Germany is to get the extra MEPs that its population suggests.

Despite opposition from some French MEPs the Parliament is keen to have more German representatives as soon as possible. Already it has agreed that an unspecified number of observers can participate in Brussels Committees and at the Strasbourg plenary sessions, although they will not be allowed to vote.

The Parliament has left it up to East Germany to decide on how many observers to send, and 18 has been hit upon as a fair compromise, although this would leave Germany worse represented than most other member states.

Securing a permanent increase in the number of deputies will be more difficult. The Parliament may be in favour, but the decision is in the hands of member states, which need to agree unanimously to change the Treaty of Rome. West Germany can argue that with a larger population than either France or Italy it is already discriminated against as each of the three countries have 81 deputies.

Other member states, however, are sensitive on the issue of Germany increasing its power in the Community, and are likely to have grave doubts about an increase in the numbers of its representatives. It is perhaps lucky that the next European elections are not until 1994. That gives them plenty of time to warm to the idea.

Fears of being swamped in Europe

David Buchan in Brussels and **Enrique Tessieri** in Helsinki on why Finland is wary of losing its voice in the face of a united Europe

FINLAND'S Foreign Trade Minister, Mr is adamant that his country should not be sidelined in the talks that he and his European Free Trade Association colleagues are conducting with Brussels to create the 19-nation "European Economic Area."

"If Efta countries are ready to swallow 30 years of past European Community decisions, it is surely not too much to ask that we have a say in future decisions affecting us," he argued.

The necessity for Finland, and the rest of Efta, to have a real voice in decisions and laws governing the EEA free trade zone is considered paramount by all political parties in Helsinki. So far, the Government and opposition are in broad agreement about the tack that Finland should take in the EEA negotiations.

But the political consensus could yet fall apart. The negotiations will come to a crunch just as Finns enter the campaign for elections next March that will focus on how the country balances its hard-won sovereignty with its need not to move closer to Europe's emerging single market.

Mr Esko Aho, leader of the Centre Party, the main component of the opposition whose traditional support is agrarian and economically nationalist, says Finland must retain sovereignty, which he defines as "a free hand to make decisions." This is particularly vital for small countries which do not have the clout of larger countries, whether in the EC, Efta or the putative EEA arrangement.

The Centre Party has no quarrel with the "free trade" concept of the EEA, which attempts to add the free circulation of capital, labour and services to the free circulation of goods that exists between the EC and Efta. But it has "supranational" nightmares about how the EEA might work in practice, with the Helsinki parliament having to rubber-stamp decisions taken in Brussels and foreigners free to buy up Finnish forests.

For the Government and the business community, however, the world is changing and with it Finland's neutrality.

For the Government and the business community, however, the world is changing and with it Finland's neutrality. A recent poll of Conservative Party members showed a strong majority in favour of joining the European Community. The Government refuses to speculate publicly on this. "But, come the late 1990s, it would be very odd if countries like Hungary and Czechoslovakia were in (the EC), and we Scandinavians still out," said Mr Ilka Suominen, Industry Minister and president of the Conservatives, one of the two main parties in the ruling coalition.

He pointed out that President Mikhail Gorbachev made clear that he would have no objection to Finland filing an application with Brussels when he visited Helsinki last autumn. Pushing Helsinki in the same direction, are Moscow's moves to end its long-standing semi-barter arrangements with Finland.

The business community is bolder in its predictions. Mr Bjorn Wahlroos, deputy chief manager of Union Bank of Finland, forecasts EC membership for Finland in five years' time. "So, we might as well apply now," he said, on the assumption that the EC becomes no more than a fairly loose federation of states.

For the time being, Finnish industry sees ample benefits from the EEA plan. Mr Erik Forsman, director of the Confederation of Finnish Industry, believes it would maintain jobs and production at home by lessening Finnish companies' perceived need to invest inside the EC, open up public procurement markets to Finnish bidders and effectively rule out anti-dumping actions by Brussels because Efta countries would come under the same competition.

The Helsinki Government would welcome putting EC and Efta state aids on the same footing. Mr Suominen also predicts that restrictions on foreigners buying shares in Finnish companies will soon be lifted, with the Government keeping a right to intervene to keep "strategic industries" in local hands.

Only one industry can really be called strategic – the timber sector, which accounts for nearly 40 per cent of total Finnish exports. At present, only Finns can own land in Finland, a restriction that clearly offends the free ownership concept of the EEA. Finland may in the end get some exemption over its forests, in the way that Iceland, another Efta member, may retain control over its fish stocks. But Brussels is not going to make it easy.

Greek workers in protest over state pension

By Kerin Hope in Athens

SEVERAL hundred thousand Greeks yesterday joined a 24-hour general strike called by the country's two biggest trade union federations to protest atb the conservative government's decision to overhaul the deficit-ridden state pension system.

Traffic jammed central Athens as public transport halted and strikers demonstrated outside the Economy Ministry. Flights by Olympic Airways, the state-owned carrier, were cancelled, and the public power company warned of blackouts later in the day.

Trading was called off at the Athens Stock Exchange, where administrators belong to the powerful civil service union federation, Adedy.

The Greek Labour Confederation, the other union behind the strike, claimed it was "80 per cent successful", although private employers said participation was low. With a 48-hour general strike already planned for next week, the unions appeared poised for a prolonged confrontation with the government over the pensions issue.

Mr George Souflias, the Economy Minister, has postponed presenting the new measures to parliament for several days in response to a request by the unions for further talks. But he told the strikers that only minor changes would be made to the pensions bill. "The entire state pension system faces collapse," he said."

The reforms are essential so that we can go on paying pensions." The budget deficit for health and pension outlays this year will amount to 9.3 per cent of Greece's gross national product, according to the government.

The reforms will raise the pensionable age to 58 for women and 60 for men by 1998.

At present women are entitled to a pension at the age of 35 after only 15 years of work, while men can retire at 45 after 25 years on the job.

Belgrade to curb spending

By Laura Silber in Belgrade

YUGOSLAVIA will conduct a restrictive monetary policy in the fourth quarter of this year because public spending has exceeded planned figures.

"The money supply grew by 21bn dinars ($1.9bn) in July and August, which was the figure the National Bank of Yugoslavia (NBY) has targeted for the end of the year," Mr Ratko Benovic, general director for monetary policy of the NBY, said earlier this week.

Mr Benovic said recent monetary policy was aimed at bringing down inflation and maintaining a stable exchange rate for the dinar.

Yugoslavia has built up $10bn in currency reserves and since 1987, has reduced external debt by $5bn to $17.4bn.

WORLD TRADE NEWS

Brazil to open up computer market to foreign companies

By Christina Lamb in Rio de Janeiro

THE BRAZILIAN government is to open the country's computer market to technological joint ventures and restrict the scope of the market reserved for Brazil's information technology industry.

Dr Jose Goldemberg, the Science and Technology Minister, said that from next month foreign companies would be able to subscribe 30 per cent of capital and also bring in technology. Brazilian companies would no longer have part of the market reserved for them but instead a list would be drafted of items that would continue to receive protection up to 1992. The government intends that this will only include items with the potential to compete with foreign products.

The move is a clear sign of the Collor administration's commitment to opening Brazil to foreign competition. Information technology has traditionally been the most protected sector of the highly protected Brazilian economy but Brazilian industry insists it cannot compete with foreign imports unless it is allowed to import computer equipment freely.

Dr Goldemberg said: "Protection has been so fierce that we're at least five years behind on personal computers and these thing evolve so quickly the lag is widening daily. We are in danger of missing a whole generation of computers."

Foreign computer companies see great potential in Brazil which currently buys only 120,000 personal computers a year, a tiny amount for a population of 140m and the world's eighth largest economy. Mr Allan White, regional director of Apple Computer, which is studying entering into local partnerships in Brazil, points out that Taiwan with a population of just 24m buys 600,000 personal computers a year.

At present foreign companies have no hope of breaking into Brazil because of the rigorously enforced Informatics Law of 1984 which created a reserved market for the Brazilian computer industry. Under this the import, or foreign manufacture inside Brazil, of any computerised equipment or components produced by Brazilian companies is prohibited, which in practice means almost everything.

When the Collor government announced its new industrial policy in July ending non-tariff barriers and bringing down tariffs it was assumed this would apply to information technology too. A commission, due to report by the end of this month, was set up to investigate the ending of the Informatics Law, one of the major thorns in trade relations between Brazil and the US. However foreign computer companies recently in Rio to attend an information technology fair were disappointed to discover the government had backtracked and the law would now remain in force until it expires in 1992 though with the reserved market replaced by a list.

Dr Goldemberg, who is clearly unhappy about the situation, said: "We had no choice. The Informatics law must be changed by Congress which is clearly opposed. I'm caught in the crossfire between on one side the US which wants to export computers, the motor and textile industry which complain they cannot modernise and thus compete without a change in the law, and on the other side the Brazilian computer industry which argues we're leading them to bankruptcy."

As a result of the reserved market the Brazilian computer industry has grown rapidly. Between 1977 and 1985 160 new companies were set up. Dr Goldemberg complains "we have too many companies operating here. There are 70 Brazilian companies producing PCs of which probably at most ten can compete."

President Collor's biggest hope for revising the law is if the forthcoming congressional elections give him a majority of supporters. Dr Goldemberg insists "we're doing all we can to liberalise within the present law", pointing out that in the past even essential equipment for scientific investigation including radioactive isotopes would be kept for months at customs. As a start the Special Informatics Secretariat (SEI) which strictly enforced the Informatics Law is to be disbanded.

This will be welcomed by those trying to bring in computers even of a type not available in Brazil. Despite the new government's commitment to a free market the SEI has continued to maintain strictly the similarity examination and place bureaucratic obstacles in the way of importers trying to bring in computers of a type not available in Brazil.

Turkey's textiles pleas fall on deaf ears

Peter Montagnon, World Trade Editor, finds the EC unwilling to make concessions

ON THE surface, the request by Mr Turgut Ozal, Turkey's President, for textile trade concessions from the west in return for his assistance in enforcing sanctions against Iraq seems to contain the essence of an elegant bargain.

Yet as far as the European Community is concerned, the idea is likely to fall on deaf ears.

European trade officials are concerned that singling Turkey out for textile trade concessions would open the floodgates to demands for similar benefits from other exporters, such as India, which can also claim to have been hit by the Gulf crisis. More important still, the Community's textile trade with Turkey is beset by long-standing frustration over European access to Turkey's own market.

Under its associate status with the Community, Turkey is pledged to remove trade barriers with the eventual aim of creating a bilateral customs union, but officials say that it has fallen far behind schedule with promised cuts in tariffs. It has also imposed a range of additional quasi-tariffs as quantitative curbs on textile imports from the Community have been removed.

A combination of charges ranging from municipal tax, mass housing fund tax, transport and infrastructure duty and price stability fund tax mean that some categories of European textile exports carry effective duties as high as 46 per cent in the Turkish market. At one stage, businessmen say, the effective Turkish duty on imports of bed linen from the Community was over 200 per cent, though this was subsequently reduced following pressure from Brussels.

By contrast, the EC admits Turkish exports of textiles and clothing duty-free under preferential arrangements that have allowed that country to become its largest outside supplier of these products. The rub for Turkey is that about half its exports, amounting to some $1.2bn, are affected by quota restraints. It is these that it would like to see eliminated under the Ozal bargain.

These quotas are voluntary industry-to-industry arrangements outside both the General Agreement on Tariffs and Trade and the Multi-Fibre Arrangement which governs international trade in textiles. "They don't have a very good legal basis," says Mr Namik Kemal Kiliç, Under Secretary for Foreign Trade in Ankara.

Turkey would like to sit down with the EC and negotiate them away over a period of two or three years. In return, it would be prepared to do away with its quasi-tariffs and other restrictions, accelerating the completion of the customs union in the textiles area, something it would also like to do for agro-industrial products.

This would be good for Turkey because it is competitive in textiles trade and because it would help attract foreign investment, says Mr Kiliç.

Realising such a deal would be difficult, however, even given the moral advantage Turkey is now claiming as a result of its Gulf effort. One problem is abiding concern over Turkish counterfeiting of European brands.

Any deal would meanwhile face vehement opposition from Greece, which is itself a textiles producer and routinely resists EC help for Turkey because of its quarrel with that country over Cyprus. It would also be resisted by other member states such as Portugal, which depends on textiles for about a third of its exports.

Finally, European textile producers say that their Turkish competitors benefit from subsidies, as its spinners are able to buy locally produced raw cotton at prices below those prevailing on the world market.

Mr Kiliç strongly denies both allegations, though a test of the position on subsidies is looming before the end of the year when the Commission is due to pronounce on a subsidies complaint concerning polyester fibres. This was lodged in February last year by the European Man-Made Fibres Association and could yet result in countervailing duties being imposed.

For the time being talks are scheduled for this autumn on renewing the quotas for European imports of Turkish clothing products for a further two years. These are, however, a routine part of the present arrangements under which quotas on textiles and clothing are renewed in alternate years.

But there is no immediate sign of the Community taking up Mr Ozal's request, although Commission officials say they would be prepared to consider removing European curbs on Turkish textile and clothing goods if Turkey created free access for European products. The completion of a customs union with Turkey is at the top of its list of priorities for strengthening Community ties with Ankara, they add.

On the other hand, aid for Turkey – and the other Gulf front line states such as Jordan and Egypt – is unlikely to take the form of special trade concessions, which could upset other, more distant countries. Differences over textiles trade will have to be settled through other, less exceptional channels.

Duties on EC Textile Exports to Turkey

	Basic tariff (%)	Effective tariff (%)*
Synthetic filament yarn	1	26
Wool cloth	10	35
Cotton cloth	5	30
Synthetic staple fibre	1	26
Spun synthetic yarn	1	27
Jerseys, pullovers	15	46
Men's suits	15	46
Socks	1	31
Bed linen	15	46

*approximate effective tariff after inclusion of municipal tax, stamp duty, price support and stability tax, transport infrastructure duty, and mass housing fund tax.
Source: British Textile Confederation.

Row looming over Polish oil project

By Christopher Bobinski in Warsaw

A PROJECT aimed at developing Poland's capacity to import, refine and market oil and gas is coming under fire because it involves the participation of former senior Communist government officials.

The row comes as Poland faces the possibility that oil and gas supplies from the Soviet Union will be cut next year, forcing purchases from elsewhere.

Mr Czeslaw Nowak, a Solidarity parliamentary deputy, has attacked involvement by Polnippon, a small Polish-Japanese joint venture, in the plan to invest funds from Saudi Arabia, Nigeria and western Europe in a new oil and gas terminal in Gdansk.

Polnippon is partly owned by Mr Ireneusz Sekula, the Communist deputy prime minister who until last year was responsible for the economy, and Mr Mieczyslaw Wilczek, the former Industry Minister.

Last month, Polnippon offered to lease 500 hectares in the Gdansk port, where the oil and gas storage facilities would be built.

Mr Nowak, who is a port employee and reflects local feelings, says he has "nothing against capitalists," but that he does not want Mr Wilczek and Mr Sekula involved.

"The port workers did not struggle against these people before to find themselves working for them now," Mr Nowak told a meeting in Gdansk last week devoted to the future of the port.

Despite the criticism, Mr Jan Barcewicz, the manager of the Gdansk port, signed the preliminary agreement earlier this week with Sanbar Development Corporation, a London-based company which has been working in conjunction with Polnippon.

Sanbar has been co-ordinating the project, which, in its initial stages, would involve spending more than $100m on expanding the port's transshipment facilities, as well as installing oil and gas storage tanks.

The project, which could have a value of more than $3bn, includes provision for the import and marketing of propane and butane gas, as well as doubling the refining capacity of the Gdansk refinery from its current annual 3m tonnes.

The group also wants to build a chain of petrol stations, as well as a pipeline from Gdansk down to the Plock refinery near Warsaw and further south to the industrial area of Katowice.

Lavalin clinches Thai rail contract

By Roger Matthews in Bangkok

LAVALIN International of Canada looks finally to have clinched the $1.7bn contract to build and operate a mass transit system, known as Skytrain, in the Thai capital Bangkok. Three years after the initial invitation to tender, the cabinet has decided to give the contract to Lavalin despite the clear preference by independent consultants for the rival Asia-Euro Consortium.

Gen Chatichai Choonhavan, the Prime Minister, came out strongly in favour of the Lavalin proposal and at the cabinet meeting urged ministers to consider the political aspects of the deal as well as the financial and technical merits.

Canada has lobbied strongly for the contract and its Export Development Corporation is making $625m available in loans, nearly half of it on highly concessional terms. The Thai government has refused to guarantee that the loan will be repaid, arguing that under local law such guarantees are only available for companies which have a government stake of at least 70 per cent.

The Thai government will have only 25 per cent of the equity in the company set up to build, operate and after 30 years hand the rail system over to the state. Most of the 36km of track will be elevated and construction could start early next year, provided the remaining details of the contract can be successfully negotiated within the next three months.

The government has been under increasing pressure to reach a decision on Skytrain – a project first discussed more than 20 years ago – because of the ever worsening traffic and air pollution in Bangkok. But allegations of corruption have blighted consideration of the rival bids and seem likely to break out again in the weeks ahead as opponents of the governing coalition seek to weaken it further.

The Skytrain issue was further complicated in early May by a decision of the inner cabinet of economic ministers to approve in principle another mass transit scheme put forward by Hopewell Holdings of Hong Kong together with the State Railway of Thailand. This $3.2bn project involves elevated roads and rail lines to be built over existing tracks and to be substantially financed by developing property owned by the state railways.

There is no indication yet of the status of this projet as a result of the Skytrain decision, but it seems unlikely that Bangkok could cope with the disruption caused by the simultaneous construction of two mass transit systems.

Zeebrugge jury told of 'inefficient' safety rules

Financial Times Reporter

THE SYSTEM for ensuring safety on P&O European Ferries ships at the time of the Zeebrugge disaster was "thoroughly inefficient at director level down to those on board ship," the Central Criminal Court heard yesterday.

The court was also told that there had been other incidents of ships in the fleet sailing with their doors open: these apparently included the Herald of Free Enterprise, which was involved in the disaster.

Mr David Jeffreys made the allegations while continuing to open the prosecution case against P&O European Ferries and seven former employees, who face one specimen charge each of manslaughter in the disaster, caused when the Herald capsized on leaving Zeebrugge on March 6, 1987, with the loss of 192 lives.

The company; Mr Wallace Ayers, the technical director; Mr Jeffrey Develin, the chief marine superintendent; Mr John Alcindor, his deputy; Mr John Kirby, the senior master; Mr David Lewry, the ship's master; Mr Leslie Sable, the chief officer and Mr Mark Stanley, the assistant bosun, have all denied the charge.

Mr Jeffreys said the ship sailing with her bow doors open showed a "failure in the system to make sure such things did not happen." Senior masters and the company's marine department were supposed to liaise, but relations "did not always seem to have been as harmonious as they should have been."

Mr Jeffreys described a system of "negative reporting" in the company. One order stated that, unless he received a report of a fault, the master of a vessel "will assume at the due sailing time that the vessel is ready for sea in all respects".

Masters interpreted this as meaning that unless they received a report to the contrary they would assume the vessel was ready for sea in all respects.

Mr Sabel was required to be in two places at once - ensuring that Mr Stanley closed the bow doors while at the same time being on the bridge.

The trial continues.

Evidence that tight monetary policy is squeezing demand

Unexpected rise in jobless raises interest rate hopes

By Peter Marsh, Economics Staff

A HIGHER than expected rise in UK unemployment announced yesterday produced a further sign that the economy is slowing down, boosting speculation that the Government might move to cut interest rates over the next few months.

Seasonally adjusted unemployment rose in August by 22,300 compared with July, the biggest monthly increase since March 1986, to give a jobless tally of 1,653,900.

The figure was above the top end of City of London forecasts and marked a significant acceleration in the rise of jobless people, as registered by Department of Employment statistics.

The monthly rise was the fifth successive increase in the jobless total since unemployment started to rise in April. Job losses are now running at an underlying rate of about 15,000 a month, as against roughly half this number in August.

Mr Robert Jackson, the Employment Minister, said the increase was "not good news."

But the figures are likely to cheer Mr John Major, the Chancellor of the Exchequer, as providing evidence that the Government's tight monetary policies are squeezing demand out of the economy in the effort to bring down inflation.

City of London economists said they thought the unemployment numbers showed the UK was moving closer to a recession. That could lead to a cut in UK interest rates over the next few months, a move which could be accompanied by a decision by Britain to join the exchange rate mechanism of the European Monetary System.

Government caution on a possible interest-rate cut is likely to be reinforced today when it announces the annual rate of retail-price inflation for August, which is expected to be above 10 per cent. Mr Major is thought unlikely to cut rates with inflation at this level.

Mr Derek Scott, an economist at Barclays de Zoete Wedd, a London investment bank, said : "It's absolute hell *for those who are out of work* but there is no way inflation is going to come down without unemployment going up. The figures are a sign the Government's policies are working."

He predicted unemployment climbing rapidly over the next year to reach 2m by the end of 1991, a forecast in line with other City forecasts.

The Department of Employment also said yesterday that average wages rose by an annual rate of 10 per cent in July, the same as in June. Mr Jackson said he wanted to see the rate of increase come down to ensure that UK stayed competitive with other nations.

"Moderation in pay remains essential if future job prospects are not to be put at risk," he said.

Evidence of a reduction in monetary growth, another sign of an economic slowdown, was contained in Bank of England figures yesterday on the volume of banknotes in circulation. The Bank said the rise in the volume of notes was 4.7 per cent on an annual basis, in line with the Government's targets.

Mr Tony Blair, the Labour Party's employment spokesman, said: "It is now clear that unemployment is rising inexo*rably, and equally clear that* Government ministers are content to see it do so."

Miners accept payment from Paris of pit strike donations

By John Gapper, Labour Editor

NATIONAL UNION of Mineworkers leaders yesterday accepted a payment of £742,000 from the International Miners Organisation in a deal which Mr Arthur Scargill, NUM president, said vindicated his handling of funds.

Mr Scargill called for miners to unite in a fight against "the common enemy" of British Coal after the NUM's executive ratified a donation from the Paris-based IMO rather than pressing a legal claim to at least £1.78m of IMO funds.

He rejected a suggestion by Mr Kevin Barron, a Labour MP and ex-officio member of the NUM executive, that he should resign and seek re-election because of his handling of funds donated during the 1984-85 miners' strike.

The NUM is to hold a delegate conference next month which will decided finally on whether Mr Scargill acted correctly and will also consider calling an industrial action ballot over British Coal's rejection of its pay claim.

Mr Scargill is likely to be backed by the conference because four NUM areas wielding a majority of votes have already declared their support for him.

The executive unanimously accepted a recommendation from four members that it accepted the £742,000 offered by the IMO – of which Mr Scargill is also president – rather than risking further legal costs.

The union has spent more than £350,000 inquiring into £1.4m donated by Soviet and east European miners in IMO-controlled accounts.

Mr Scargill said he still did not accept that east European money had been intended for the NUM rather than miners internationally. He believed the £742,000 would have been given to the NUM eventually anyway.

The executive accepted that it had already received £960,000 from the IMO. The £742,000 payment from an IMO account in Dublin will be paid if the deal is agreed by IMO leaders next week.

BRITAIN IN BRIEF

BR plans changes to channel link

British Rail has given details of planned changes to the proposed high-speed rail link between London and the Channel tunnel.

The changes affect the 35-mile section between the coast and Upper Halling in Kent which was safeguarded by Mr Cecil Parkinson, the Transport Secretary, in June.

The route is largely unchanged from the alignment announced in October 1989, but BR is planning to build a viaduct across Boxley Valley, near Maidstone, with the aim of lessening the environmental impact on the ancient woodlands of Park Wood, Beulah Wood and Horish Wood.

Urban renewal setback

Property developers London and Edinburgh Trust (LET) and Balfour Beatty dealt a blow to the Government's inner cities plans with the announcement that it would be cutting back on the activities of Avatar, the joint subsidiary set up three years ago to carry out big urban renewal projects.

The London office will be closed and the properties in the Avatar portfolio will be integrated into those of the parent companies. Current commitments in Birmingham and Manchester will continue.

Health service warning

London's health service could be pushed "over the edge into crisis" by many of its hospitals becoming self-governing trusts, says a report.

Applications to become trusts when the Government's health reforms take effect in April have been submitted by 18 hospitals and other NHS facilities in the capital.

A study of the applications by the pressure group London Health Emergency and Cohse, the health service union, concludes that most are based on "ludicrously optimistic" financial assumptions.

These include, says the report, unrealistic inflation and interest rate predictions, high estimates of future caseloads and "crazy" schemes to generate extra income.

SIB publishes draft rules

Securities and Investment Board published details of its draft rules for unit trusts and other collective investment schemes.

The draft regulations are being circulated to subscribers to the SIB's rule book for six months during which managers and trustees in collective investment schemes will discuss the proposals at meetings jointly organised by the Unit Trust Association the Association of Corporate Trustees, the Investment Management Regulatory Organisation, and the SIB.

Clapham rail crash verdicts

Verdicts of unlawful killing were returned by a coroner's jury on all 35 victims of the 1988 Clapham rail crash. It took the jury less than an hour to reach its unanimous decision on the fourth day of the resumed inquest into the deaths of the 35 people who were killed when a fast train from Poole, Dorset ran into the back of a stationary train south of Clapham junction, south London, in December 1988.

Soviet mining equipment order

A Scottish company has won a £5m order to supply mining equipment to the Soviet Union.

Anderson Longwall of Motherwell, Strathclyde, which manufactures underground mining machinery, signed the contract at a Soviet mining exhibition.

Mr Mike Stickland, export director, said the order came at a crucial time "helping at least partially to offset the sharp downturn we are experiencing in the UK as a result of the further contraction of British Coal's operation."

Red Stars defeats rivals

The Red Army celebrated a victory – over the Red Army. The Red Stars Rocket troupe was opening its tour of Britain at Wembley after the intervention of the Foreign Office and the Soviet Defence Minister defeated rival tour plans by the Moscow Military District troupe.

It was feared the market would be flooded with two tours

The Red Stars troupe of singers, dancers and musicians will tour 30 cities and towns.

Drive on adult literacy

A drive to encourage adults to improve basic literacy and numeracy skills has been launched by a coalition of government, industry and trade union groups.

Led by the Adult Basic Literacy Skills Unit, a quasi-governmental body, the drive is aimed at urging employers to enroll their staff in training programmes to be known as Wordpower and Numberpower. Both programmes will award a qualification recognized by the City and Guilds of London Institute.

British Gas wins contract

British Gas has signed a contract to transport North Sea gas for Mobil, the US oil company, from the beginning of next month.

The gas is to come from Mobil's Camelot and Welland fields and would be delivered to industrial and commercial customers on Mobil's behalf from the Bacton Terminal in Norfolk.

Welland is the first field to go into production under a contract in which British Gas has purchased only 90 per cent of the field's output. British Gas was forced by the Government limit its purchases of North Sea gas in order to foster competition in the industrial gas market.

Row reopens over Wallace

The political storm surrounding the career of Mr Colin Wallace reopened after an official inquiry concluded that the former army information officer had been unfairly treated by the Ministry of Defence.

The investigation by Mr David Calcutt QC rekindled the furore over allegations of "dirty tricks" by Northern Ireland security forces in the 1970s. The Labour Party demanded a full judicial inquiry.

Mr Calcutt said that Mr Wallace had been unjustly treated when he appealed against dismissal from the MoD. He recommended Mr Wallace be paid £30,000 compensation.

His conclusions, accepted by the Ministry of Defence, followed the admission earlier this year by the MoD that up until the mid-1970s, security forces deliberately disseminated disinformation in Northern Ireland to denigrate individuals and organisations for propaganda purposes.

Sky abandons campaign

Sky Television last night abandoned for the time being a national newspaper advertising campaign attacking rival British Satellite Broadcasting after a number of national newspapers refused to carry the advertisements.

The advertisements, due to appear in all Britain's national newspapers today quoted from a *consultants* report suggesting that BSB, which launched its five channel service earlier this year might have to stop broadcasting in 1991.

The advertisement was set out as a warning to consumers.

Dry summer for brewers

England's long run in the World Cup knocked millions of pints off summer beer consumption, brewers said. Public houses suffered as the nation stayed glued to television sets during early July when England reached the semi-finals in Italy.

Beer production in July fell 4.1% to 3,087,077 bulk barrels, a drop of 37.8m pints on the total 12 months earlier, said the Brewers' Society.

"July's production was a disappointing start to the summer and probably reflects the influence of the World Cup," said a spokesman.

Off-licences were said to have enjoyed a roaring trade as fans stocked up.

UK NEWS

Last Night strikes a down beat at the Proms

Jim Kelly reports that London's famous music season has ended in controversy

BRITISH troops in the Gulf will this weekend be able to join the regular worldwide audience on radio and television for the flag-waving spectacle of patriotism which has become The Last Night of the Proms.

Broadcast live from the Albert Hall in London the 96th annual BBC Henry Wood Promenade Concerts are scheduled, as always, to close with that most affecting sight: stiff British upper lips trembling with heartfelt emotion.

But a sour note has disrupted this year's broadcast which will be watched by some eight million viewers on UK television: the dismissal of the conductor, always a central figure in the colourful drama, has focused attention on the patriotic songs which are at the heart of the Last Night.

To the strains of Rule Britannia, Land of Hope and Glory, and Jerusalem, the Last Night has always provided the outpouring of organised emotions

Sir Malcolm Sargent at the Last Night in 1954: a scene to be repeated with little change tomorrow

To the strains of Rule Britannia, Land of Hope and Glory and Jerusalem, the Last Night has always provided the outpouring of organised emotions which has made other British cultural exports world favourites

which has made other British cultural exports world favourites: royal weddings, coronations, the Trooping of the Colour and football's FA Cup Final.

Viewers and listeners in other countries, who will receive the programme live, may be unaware of an undercurrent of controversy which has affected this year's Last Night.

It began with an innocent interview in London's evening paper last week.

Mark Elder, one of the most gifted conductors of his generation and musical director of the English National Opera, had been chosen for the Last Night - the finale of Britain's, and possibly the world's, most concentrated and biggest music festival.

He saw the interview as an opportunity to muse on its emotionally charged programme with respect to present, fraught, international situation.

He may have had in mind a few passages from Land of Hope and Glory, traditionally sung with ear-splitting fervour by the 6,000 audience, many of them standing in the promenade enclosure.

And, in the context of the Middle East, he may have paused mentally at the thought of conducting the popular choir in these lines from Jerusalem.

I will not cease from Mental Fight,
Nor shall my Sword sleep in my hand,
Til we have built Jerusalem,
In England's green & pleasant Land.

Finally, he may have baulked at Rule Britannia with its exhortation:

Rule Britannia, Britannia - rule the waves,
Britons never, never, never, will be slaves.

LOOKING east to the gathering Gulf crisis he said: "God knows we don't want anything to happen there – but if it did I don't think I would be able to go ahead with the programme as planned.

The words of those songs come from an age that was able and happy to celebrate Britain's irresistible march across the world.

"Now, if we were actually engaged in combat I would not be happy to proceed. It would seem callous in the extreme. I would seriously have to consider removing some of the items."

Mr Elder was neither alone nor first to express his doubts.

Twenty years earlier Sir Colin Davis had dropped Rule Britannia and Land of Hope and Glory as he attempted to follow in the flamboyant footsteps of Sir Malcolm Sargent.

We Shall Not Be Moved replaced Rule Britannia.

But the promenaders did not like it and the programme reverted to tradition.

Nevertheless, Mr Elder's sentiments cost him the job. John Drummond, the head of BBC Radio 3, the country's classical radio network, said: "In the light of the views of Mark Elder...we have asked Andrew Davis, chief conductor of the BBC Symphony Orchestra, to conduct the Last Night of the Proms.

"The Last Night will be performed as advertised and as our worldwide audience expects to hear it."

Mr Elder returned to the ENO and a few thousand letters; most, it was said, expressing their support.

THE BBC's prompt action in dismissing him brought the corporation into unexpected alliance with its most vociferous critics: Conservative MPs who saw Mr Elder's comments as propaganda for the "Peace Party" in the Gulf Crisis.

Mr Davis, of the BBC Symphony Orchestra, and for 13 years the director of both the Toronto Symphony Orchestra and the Glyndebourne Festival Opera, has stepped in.

Ms Lesley Garrett, one of sopranos who will sing at the Last Night summed up a commonly held view of the entertainment.

One of the sopranos who will sing at the Last Night summed up a commonly held view of the entertainment: 'I don't think there is any contemporary relevance in what we sing at all. Britannia just makes me think of old ships in full sail.'

She said: "I don't think there is any contemporary relevance in what we sing at all."

Referring to songs sung by football fans, she added: "If that is what you wanted we would be singing You'll Never Walk Alone and 'ere we Go.

"Britannia just makes me think of old ships in full sail."

Tonight's penultimate night of the Proms season has raised no controversy: Benjamin Britten's War Requiem was conceived in a spirit of conciliation after the Second World War.

TRAVEL INDUSTRY

British Airways restructures long-haul holiday operations

By David Churchill, Leisure Industries Correspondent

BRITISH Airways yesterday announced a £10m restructuring of its long-haul holiday operations to increase its share of the leisure travel market.

The move comes as the airline is also poised to sell its loss-making Four Corners travel agency chain to the Thomas Cook travel group.

Four Corners was launched by BA in the late 1980s as an up-market travel agency.

However, fierce competition between retail travel agents as a result of falling sales of package holidays has undercut Four Corners profitability.

As part of the re-structuring programme announced yesterday BA has also concluded lengthy negotiations to buy the remaining 49 per cent stake in the Speedbird long-haul travel operation it did not already own.

The minority stake in Speedbird had been owned by several travel agents and BA has been keen for some time to take complete control of the brand.

Sir Colin Marshall, BA's chairman, yesterday declined to disclose how much had been paid for the 49 per cent stake but he said that it was less than £1m.

BA belives that leisure travel will be the growth area in international travel in the 1990s, in spite of short-term fears about a downturn in travel because of the Gulf crisis.

Mr Liam Strong, BA's marketing and operations director, said yesterday that "contrary to the downturn which the mass package tour market has experienced, our predictions are that scheduled service-based travel will grow significantly in the 1990s as consumers more and more opt for quality and reliability."

The airline is merging all its holiday operations under the 'Leisure Traveller' brand name and is also offering short-stay hotel accommodation for travellers wanting to break long flights. It also plans to offer short-break holidays in Europe.

The £10m being spent on the re-launch includes the cost of a new computerised reservations system and advertising and promotions for the new brand name.

The key to the new travel operation is the planned relaunch early next year of BA's economy class service. BA believes that after the improvements made to first and business class services in recent years, it now needs to offer more space and better facilities for economy class passengers.

Funds urged for tourist authority

By David Churchill, Leisure Industries Correspondent

MORE financial resources to promote Britain as a tourist destination were called for yesterday by Mr William Davis, chairman of the British Tourist Authority.

Mr Davis, speaking on the publication of the BTA's annual report, said: "It must be recognised that the BTA needs adequate funding to do its job properly."

He said that the world market for tourism was becoming increasingly competitive and many other countries were spending more on promoting themselves overseas.

"In the important US market, for example, France spent $4.5m on advertising last year while we were only able to spend $2.9m," he added.

Even so he acknowledged that Britain was still headed for a record year in terms of numbers of tourists. "Prior to the Gulf crisis we were forecasting that Britain would have 18.3m visits this year," he said. "However, it is difficult to judge what effect the crisis will have on tourism in the remaining part of the year."

But he also pointed out that there remained a large gap between the amount of tourism revenue generated in Britain and expenditure abroad by British tourists. "There is no way that this can be reduced by such artifical barriers as the 'travel allowances' we had in the 1960s," he said.

"The only solution is to promote the attractions of Britain in overseas markets and to encourage more Britons to take holidays in their own countries," he added.

Last month Mr Davis, who is also chairman of the English Tourist Board, was criticised for his "20 tips for visitors" advice which was seen as discouraging tourists from enjoying themselves.

Yesterday Mr Davis emphasised that it was up to the tourist boards to find solutions to the problems of too many tourists by better visitor management.

Charity finds rural poverty in UK's most affluent countryside

By Alan Pike, Social Affairs Correspondent

DEPRIVATION exists throughout the countryside and can be found in the United Kingdom's most affluent rural areas, a charity report concluded yesterday.

The report, produced by Action with Communities in Rural England, comes two days after publication of the Church of England's study Faith in the Countryside.

Both reports seek to dispel false romanticism about country life and draw attention to growing problems faced by poorer and dependent rural residents.

All the familiar examples of urban deprivation existed to a comparable degree, if not quantity, in rural areas, says the Acre report. In rural areas, however, there was the added dimension of lack of access to services and facilities.

"The main reason why it is difficult for many people to grasp the notion of rural deprivation is that rural areas do not have large or concentrated pockets of deprivation in the same way that urban areas do."

A range of factors which Acre says are putting pressure on the lives of many people in rural areas is listed in the report. It says that:

- A serious lack of low cost housing for rent or sale has been aggravated by commuters, retired people and second-home owners pushing up house prices. The rural housing market was "dominated by urban escapees with capital to invest."
- Job shortages and low pay causes migration from the countryside, particularly by young people. When jobs were available, employers often prefered to import skilled staff rather than train local people.
- People without cars were "effectively housebound" when public transport did not exist. In many areas lack of public transport "tops the list of missing facilities."
- Many village schools have closed and rural areas lack provision for particular groups like the elderly and the disabled.

Trends towards health centres and group practices led to family doctor facilities disappearing from villages and those needing hospital treatment often had to travel long distances.

The Government's proposed health reforms offered "little help for rural areas".

- Many villages lacked post offices and village shops often had high prices and limited choice.

Acre's report was produced for the Calouste Gulbenkian Foundation, a grant-making trust, and will be presented to other charitable foundations and businesses in an effort to increase financial support for community projects in rural areas.

The report says that "while a great deal more needs to be done by the statutory, voluntary, private and community sectors to alleviate rural deprivation" thousands of local projects have already been set up to tackle different aspects of need.

Tackling Deprivation in Rural Areas Acre Stroud Road Cirencester GL7 6JR £6

Power regulator rules in test case

By David Thomas, Resources Editor

THE NEW regulator of the UK electricity industry has forced the regional electricity companies to give large industrial companies more flexible contracts.

The decision, announced yesterday by Professor Stephen Littlechild, director general of the Office of Electricity Regulation (OFFER), will set a precedent for the new electricity market in England and Wales.

Prof Littlechild's ruling arose from a complaint by BOC, the industrial gas company, following its decision to switch its electricity supply for all its large UK plants to Scottish Hydro-Electric, the electricity company based in the north of Scotland.

As a result, BOC had to negotiate connection agreements with all the regional electricity companies in areas where it had plants. BOC complained to the regulator about Yorkshire Electricity's proposed connection contract for its Scunthorpe plant.

Prof Littlechild expects his ruling on the BOC-Yorkshire Electricity case - his first on such a dispute - to serve as a model for other large industrial electricity users.

"I am aware that a number of other companies and public electricity suppliers are waiting for this decision before settling the terms of their own connection agreements," Prof Littlechild said yesterday. His ruling covers four main issues:

- As part of the connection agreement, Yorkshire Electric must not require BOC to pay charges for the electricity to be transported over Yorkshire's network by Scottish Hydro.
- These local charges, known as use of system charges, typically account for 5-10 per cent of an industrial user's electricity bill.
- Yorkshire Electricity and BOC should each be liable for up to £1m for damage arising out of the connection. Yorkshire Electricity had wanted to limit its liability to BOC to £100,000, but to make BOC's liability unlimited. BOC had wanted a £5m limit on Yorkshire's liability.
- BOC must pay for changes to the connection equipment, but it also has the right to seek a ruling on whether the changes are necessary.
- Further disputes between BOC and Yorkshire Electricity must be settled by an arbitrator. An arbitrator will be appointed.

BOC yesterday welcomed the ruling. "This is a marvellous step forward. I think it reflects a much more commercial position than YEB (Yorkshire) were trying to advance," said Dr Glyn Charlesworth, BOC's general manager for energy resources.

Prof Littlechild's ruling leaves open whether large industrial users might still have to pay local use of system charges, even if they have moved their supply contract to another electricity company. He has simply ruled out these charges being included in the connection agreement.

However, some industry insiders expect that contracts covering use of system charges could also be referred to the regulator for a ruling. The charges are designed to guarantee some return to the regional electricity companies for investment in their networks.

Agencies criticised over racial policy

By Alan Pike, Social Affairs Correspondent

THE licensing of accommodation agencies was demanded by the Commission for Racial Equality yesterday amid evidence that many discriminate against ethnic minority clients.

A commission investigation in 13 parts of the UK showed that one in five agencies were applying discriminatory policies.

In Ealing, London, nearly half the agencies covered by the investigation were discriminating, and in Bristol one third.

Mr Michael Day, commission chairman, said that the findings were "shameful but not surprising."

Those responsible for the discrimination were breaking the law and the commission would be pressing the Government for agencies to be licensed.

"A condition for holding a licence should be evidence of non-discrimination in the provision of services. Accommodation agencies have for too long ben able to operate without any checks."

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Tokyo Tue. NH201 16:55 ——→ Tue. 21:25 London
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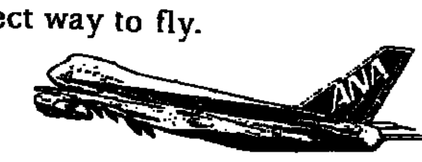

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MANAGEMENT

Simon Holberton talks to **Liam Strong** about his customers

How BA tries to make friends and keep them

About 30 years ago British European Airways, a forerunner of today's British Airways, sent out an instruction designed to improve pilot service to customers. Pilots were told their duty was not only to fly people but to entertain them as well.

One pilot's first attempt consisted of wearing dark glasses, carrying a white stick and tapping his way to the cockpit of his DC3, Pionair. He later replaced this with impersonations of George Formby, ukulele and all.

For most of the 1980s, having suffered for years from a production-minded mentality which paid inadequate attention to the customer, BA's management tried to convince its employees that it is not enough just to fly people around the world. It didn't quite encourage its pilots to become performing artists, but it set itself the task of improving the services it delivers to customers.

BA is now one of the world's most profitable airlines. In 1987 it relaunched its Club World (long-haul business class) service and now has doubled revenue from that. Early last year it relaunched its First Class; revenue is now up 20 per cent.

BA did not achieve its present status because it invented anything or has the latest technology but because it has put resources into marketing and training. It has shown by focusing on customer service and service delivery that money can be made.

"We know that if we lose a customer it costs five times as much to get them back as it does simply to maintain them," says Liam Strong, director of marketing and operations.

Strong, a 45 year-old northern Irishman with barely a hint of his origins in his clipped and precise speech, joined BA at the beginning of 1989 as director of marketing. He is a noted player of corporate politics in an organisation renowned for the interests its managers take in their masters' comings and goings. At the beginning of this year he was given the additional title. He now manages the biggest division in BA and is the titular boss of some 35,000 BA employees worldwide.

There are sound business reasons for the merging of marketing and operations, especially in a service company such as BA. Strong is now responsible for just about everyone that has anything to do with a customer flying with BA: from reservations to catering to cabin crew to baggage handling – but not the flight crew. Leaving aside the age and airworthiness of its fleet, the way in which BA delivers what it offers its customers is the key to its success.

BA has become rare among British companies in the primacy it now accords to marketing – a discipline that pervades the company. It is also strongly research-based. BA's 100 researchers conduct 250,000 interviews in 60 airports around the would.

Its in-flight surveys elicit a response from 80,000 people a year; it has a business flyers' panel in an attempt to understand what business flyers want; and it does ad hoc research on anything from whether people want flights to be non-smoking, what they think of the airline's meals, of the seat pitch, in-flight entertainment, which aspects of BA's service and interaction they like – more or less. If there is money in it (Strong says that BA is getting better at assessing cost/revenue trade-offs) then BA will do something about it.

Clearly then, this research serves to meet more than the merely curious. It is the building blocks for the specifications of BA's brands. BA claims to be the first airline which decided to treat its First Class, Club Class and Economy Class cabins as "brands", much as a fast-moving consumer goods company treats a brand.

The brands, which are managed by product managers, are defined not only by their physical location in the aircraft but by a specification which details what Strong calls the "promise". BA attempts to define its overall image in terms of safety, security, and a high level of service. Within that, it claims, each brand offers a particular set of promises/services.

"The branding on its own is nothing," says Strong. "It's the combination of the branding, getting the company to understand the branding and making sure the company delivers the branding. What we have achieved is getting the people here to understand the essence of a brand."

The essence he is referring to is the specification, a "model" of the user which defines the level of service BA staff are required to deliver – "that the people joining us in First Class have needs and they are not only physical needs but emotional needs that need to be recognised and treated in a certain way."

The specification pervades the company, including engineering. The interiors of BA's aircraft are engineered to specifications designed and managed by marketing.

"Each of our cabins creates a different ambience," says Strong. He has clear definitions of, and aspirations for, First Class, Club and Economy. As BA moves towards the relaunch of its Economy Class service at the beginning of next year it is looking at ways to entertain passengers more.

Its research has shown that, for a lot of people, flying is a major experience. "They have been thinking about it for a year, they probably haven't travelled before and they are very excited. So we are trying to get our crew to join in that excitement. Some of the things we will have in the Economy relaunch are designed to help the crew establish that cheerful, friendly relationship."

The specification also explains the level of service necessary in terms of the monetary value the customer has to the airline. "We train them in terms of the overall rationale as to why we are focusing on this market, so our people understand segmentation. People on the check-in desks have got to distinguish, in some of the smaller stations, between different sorts of passenger. We then train them how to treat different people."

BA says it spends a lot of money (although, curiously, quite how much it refuses to say) on training to make sure its staff understand what is required of them. At least once every 18 months anyone who has anything to do with service delivery – 30,000 employees – is (re)trained.

Strong gets a series of data every week which measure how well the company is performing in delivering service. They include revenue, yield, seats occupied, market share, punctuality, mishandled baggage, passengers very satisfied, in-flight service, airport service, complaint rate per 1,000 passengers, cargo shipped as booked, involuntary off-load rate, cleaning standards, and catering.

All this information is reduced to indices, allowing the service delivery system to be tracked and analysed. Management can then see how the airline is performing against the standards it sets itself internally and how its customers perceive its service. He reviews this with the top 250 managers every month.

Strong talks a lot about focusing on and managing "relationships" with customers. Although he often uses the marketing language of fast-moving consumer goods – the language of "products", "brands" and "specifications" – he is clearly aware that in the marketing of services, a different approach is needed.

He says an airline ticket is an infrequent expensive purchase. "Our customers experience the service long enough for them to think about it in some considerable detail. So the quality of the relationship we have with them in between, as well as during, their purchase is quite important."


Liam Strong: titular boss of 35,000 employeess

This is now leading BA to focus on improving the service it gives customers from the moment they contact the airline to the time they finish interacting with it at the end of their journey. And it is doing this because it, along with all other airlines, is struggling with the consequences of rapid growth in the airline industry.

The growth in air travel during the 1980s has put strains on the infrastructure around the world – air traffic control and terminal size. If the airline business is becoming growth-constrained then the prize will go to those airlines which can offer superior and differentiated services.

"We are emphasising how we can make the journey from ground to air to ground as painless as possible. Valet parking, portable check-in, better lounges, off-airport check-in, time-saver cards which give you a ticket from a machine – all are examples of ways to differentiate."

Successful as BA may have been in improving the quality of its service it has not found it easy to maintain the perception of quality among its customers. Strong says people are no longer comparing BA with what it was like in 1983; they are comparing it with 1988 or 1989. In short, its customers have got used to and expect it to deliver a high level of service.

"The challenge from our point of view is to surprise people," says Strong. "You have to give them more than they thought they were going to get. If people are going to notice that service is good it has, by definition, to have something in it that they notice and say 'Oh, that's interesting.'"

An allied challenge is that of maintaining staff motivation but brand relaunches are a way of doing that. He says the most critical thing in the relaunch of its Economy Class service is taking a "travelling circus" around the world and sitting with cabin crew, explaining to them the thinking behind the relaunch; how important the economy cabin is; and what BA wants them to do.

The people flying with BA, he says, have done so against an expectation. Making sure that customers are not disappointed is a major aim. "This is a time you can make friends as well as lose them."

The merry-go-round of reorganisations

By Christopher Lorenz

It is a truism that no organisation actually operates in the way its official structure suggests, then it is axiomatic that the real significance of changes in those structures can be hard to detect.

Back in the 1960s and 1970s, this hazard notwithstanding, it was usually none too difficult for a company's employees, or even for outsiders, to make sense of reorganisation announcements. Divisionalisation – the fashion in that era – usually meant what it said: the splitting of unwieldy, centralised organisations into separate divisions.

The decentralisation principle was pushed further in subsequent years by the breaking-down of divisions into "strategic business units". There was not much trouble understanding that either.

The introduction of matrix structures within many companies (and their divisions), complicated matters somewhat, but reorganisations were still usually comprehensible; power tended to be shifted reasonably clearly between the three dimensions of most matrices: divisions (or "businesses"), geographic entities (usually national organisations) and functional bosses at head office.

Even now, some reorganisations are relatively straightforward; six months ago, for example, BP took several further steps to shift its power balance from its former national barons towards the heads of its international businesses, completing a process which was begun a decade ago.

But in a growing number of cases, reorganisations are now becoming extremely confusing, not only to outside observers, but to many insiders as well.

Last week's restructuring by ICI of its European organisation, for example, could be interpreted (and was by some insiders) mainly as a transfer of power from its national subsidiaries to the newly-created ICI Europe. This move did indeed form part of the reorganisation, but its most significant element was a transfer of power from the geographic side of the chemical group's matrix to its international businesses.

In ICI's case, such a shift is deemed to be bringing it "closer to the customer". On the other hand IBM, the computer giant, has moved in precisely the opposite direction in recent years in order to become more market-responsive.

It has put increasing emphasis on the geographic side of its organisation – at least in its marketing activities, to the extent of delegating considerable authority to individual branch offices.

Yet IBM itself created some confusion in July when it announced the transfer of many of its European head office responsibilities to the presidents of its national units. Rather than reinforcing national power, as some outsiders thought, this was actually part of a shift of clout from the national to the European level; the unit presidents are losing some of their national leverage in exchange for becoming part of a pan-European team.

IBM's reorganisation is further complicated by the fact that it is joining the select rank of "transnational" corporations which have decided to disperse some head office decisions about many international issues to a set of units based in various countries.

At the same time, IBM is retaining control over manufacturing at its European headquarters in Paris, while global responsibility for product development is still vested back in the US.

Like Unilever, Procter & Gamble and other pioneering "transnationals", IBM is thus balancing increased decentralisation of some decisions with continued or greater centralisation (or at least integration) of others. It is this paradox which makes an increasing number of multinational reorganisations so difficult to follow.

In essence, ICI, IBM et al are all converging on a similar organisational model across the globe, of "tightness" on some dimensions mixed with "looseness" on others – a difficult balance which will need to be flexible over time. Some companies are moving towards this ideal from a history of extreme decentralisation (whether mainly divisional or, as at ICI, geographical), while IBM and others are coming from an ultra-centralised background.

BUSINESSES FOR SALE

THE PROPERTY MARKET

Shopping centres bloom in cold climate

By Anne Steadman

Retail spending, at last, is falling. And bad news in the form of company failures, store closures, redundancies and lower profits in the retail sector has become depressingly regular.

Against this background, Meadowhall, the 1.5m sq ft shopping centre near Sheffield, opened its doors on September 4. Next to junction 34 of the M1 motorway and with its own two railway stations and bus terminal, the £400m Meadowhall developed by Mr Eddie Healey, a private property entrepreneur, and Mr Paul Dykes, a local businessman, was always expected to be successful in spite of the overall climate. More than 50,000 people flocked in during the first three an a half hours of trading alone – and the millionth Meadowhall visitor will arrive this morning. Ms Jenny Greenwood of Hillier Parker says the atmosphere is "like Wembley Stadium".

Meadowhall has been designed with five themed areas, including "the largest food court in Europe", and is anchored by Marks and Spencer, House of Fraser, Debenhams, and Sainsbury's with a Savacentre. C&A, Boots and W H Smith have also taken large stores. In all, 92 per cent of the 1.2m sq ft net of retail floor space is now let at rents which peak at £150 a sq ft (Zone A) and average £100 a sq ft (Zone A).

Mr Chris Smith of letting agent Smith Young reports considerable interest in the remaining 30 or so units – and this has, he says, increased and hardened since the opening. However, some trades are now fully represented and new tenants will have to meet the prescribed "tenant mix" criteria.

Next month sees the opening of another giant regional shopping centre, this time in the south-east. Capital & Counties' £400m Lakeside, just off the M25 (junctions 30 and 31) at Thurrock with 1.15m sq ft of retail space will be the largest regional shopping centre in the south-east. It is adjacent to Land Securities' retail warehouse park which, with more than 20 superstores, cinemas and three drive-in restaurants, is already doing extremely well.

The main anchor stores are Marks and Spencer, Debenhams, Lewis's, House of Fraser and BHS. Overall it is 80 per cent let. Average rents achieved in the main malls are, says Capital & Counties' Mr John Abel, about £120 a sq ft (Zone A) on a turnover basis.

There are only two other regional shopping centres of a comparable size to Meadowhall and Lakeside currently open and trading in the UK: Cameron Hall's Metrocentre in Gateshead and the Richardson brothers' Merryhill Centre in Dudley, West Midlands. Predictions a few years ago pointed to a total of about 20 before the turn of the century. Those estimates have now been revised downwards.

In the current pipeline are 16 further "possible" – down from more than 40 – according to Dr Russell Schiller of Hillier Parker. But it looks as if very few of them will actually come out of the ground. Dr Schiller considers the "most promising" are Mr John Whittaker's Manchester Ship Canal Company's Trafford Centre (700,000 sq ft) at Dumplington outside Manchester and Grosvenor Developments with Tesco's 650,000 sq ft proposal for Duxford, Cambridge. Mr John Wills at Healey & Baker agrees that the UK will only see about half a dozen regional centre – "10 at the outside maximum".

One problem for developers of regional centres is the hardening of attitudes against large-scale shopping developments among planning departments and within the DoE. Another is funding. Traditional institutional funding is virtually impossible to obtain – and it is significant that both Meadowhall and Lakeside have been privately funded. Both developers intend to retain them as investments.

Despite the success of these new regional centres there is no doubt that the retail market as a whole is in a state of flux. Mr David Watt at Debenham Tewson & Chinnocks points out that the main problems in the retail market seem to be with fashion retailers. Sports goods chains, such as Olympus, are continuing to expand as are other leisure-orientated operations. Another trend is the growing number of smaller and local multiples.

Mr Ian Rowbotham of Weatherall Green & Smith in Leeds says while the big multiples have cut demand for prime high street units, smaller retailers are being offered opportunities to take prime and good secondary units. This point is echoed by Mr Wills, who adds that landlords, faced with reduced demand, are more ready to accept the covenants of smaller chains where once they did not want to know.

Overall there is downward pressure on rents, and premiums for prime shops have declined. Mr Rowbotham cites as an example a lease in King Street, Manchester, which was acquired nine months ago for £95,000 – and has just been bought back for £45,000.

Mr Gareth Evans at Charterhouse Tilney considers that the new regional centres "are bound to have an adverse effect on traditional high streets, making life even more difficult" for retailers in town centres. However this may not always be the case. Take Newcastle: Capital & Counties' Eldon Square shopping centre was not, as had been predicted, badly hit by the opening of Metrocentre.

Capital & Counties is also involved in two new town centre shopping developments which could in theory be affected by its own Lakeside. They are The Glades at Bromley and the Harlequin Centre at Watford. At Watford the 700,000 sq ft centre is anchored by John Lewis and opens in phases from recently until summer 1992. Of the 30 shops just opened in the first phase, only three are vacant.

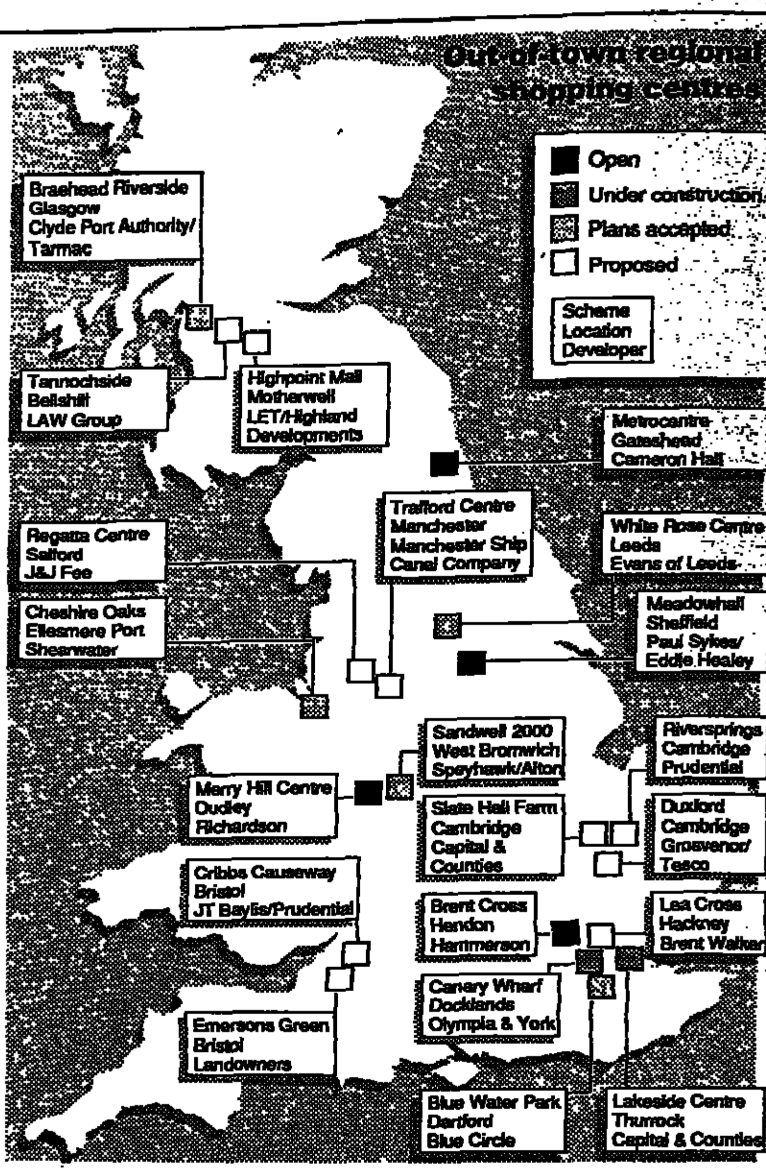
In Bromley marketing of the 400,000 sq ft centre scheduled for completion at the end of September next year, marketing is about to start. Here Marks and Spencer is taking a 50,000 sq ft extension to its existing store. M and S has a foot firmly in both out of town and town centre retail camps. In a record autumn opening programme it is in Meadowhall, will also be at Lakeside and is opening a new 58,000 sq store at Merryhill. In town M and S will be opening new stores at Chichester and Welwyn Garden City and extending stores at Bath, Hemel Hempstead and Salisbury.

The retail property market, for so long the star performer in the sector, is decidedly down. It is set to improve with the rest of the economy when interest rates fall. In the meantime there is still a market – albeit a competitive one for landlords – for shopping space in both town centre and out-of-town positions which offer the right locations, the right quality of environment and that are correctly targeted.

CAPITAL GROWTH (%)

	Retail	Office	Industrial	All property
Year to July 90	-7.3	-2.6	1.1	-3.9
Quarter to July 90	-3.4	-4.0	-2.1	-2.8
Month of July 90	-1.1	-1.5	-1.9	-1.4

Source: investment property databank



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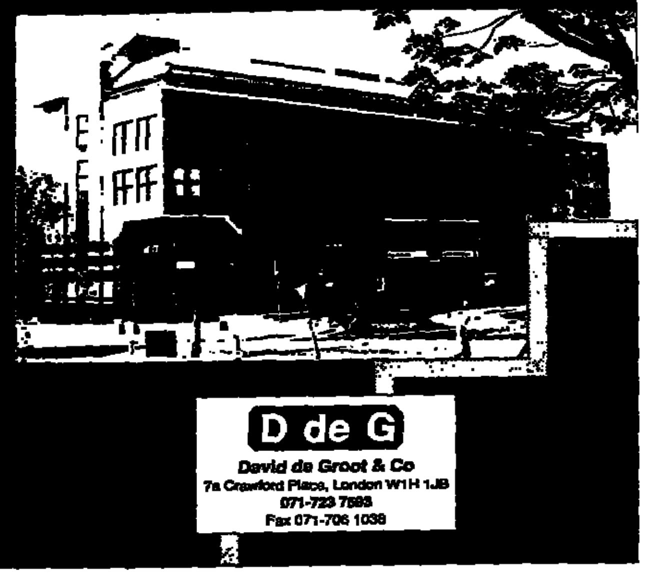

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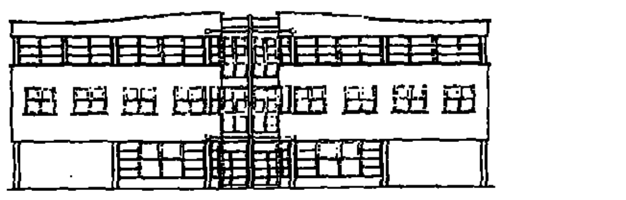

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LEGAL NOTICES

THE HIGH COURT

1995 No : 862P

IN THE MATTER OF THE SIPRA ARDMORE STUDIOS LIMITED
(IN LIQUIDATION) (FORMERLY BONDBY LIMITED)
AND IN THE MATTER OF THE COMPANIES ACTS 1963 TO 1986

The creditors of the above named company are required on or before the 1st day of October 1990 to send their names and addresses and the particulars of their debts or claims and the names and addresses of their solicitors, if any, to Robert Stewart of 5 Wilton Place, Dublin 2 the Official Liquidator of the said Company, and if so required by notice in writing from the official Liquidator, are to file such Affidavits in proof of claims as they may be advised and to give Notice of filing thereof to the Official Liquidator and to attend at such time and place as shall be specified in such notice, or, in default thereof, they will be excluded from any distribution made before such debts or claims are proved.

Thursday the 4th day of October 1990 at 11 O'Clock in the forenoon at the Examiner's Office, Aras Di Dhalaigh, Dublin, has been appointed for hearing and adjudicating upon the said debts and claims.

Dated this 20th day of August 1990.

Signed : A. Condon
Assistant Examiner

LEGAL NOTICES

FINCH PRIDE LIMITED

Registered number: 1894275
Trading name: Justrite Contract Packers
Nature of business: Contract Packers
Trade classification: 846
Date of appointment of joint administrative receivers: 24 August 1990
Name of person appointing the joint administrative receivers: Lloyds Bank plc
JOHN FREDERICK POWELL and STEPHEN JONATHAN TAYLOR
Joint Administrative Receivers
(Office holder nos 249 and 7821) of Cork Gully, Abacus House, 32 Friar Lane, Leicester LE1 5RA

K D Chambers Limited

Registered number 1493840
Nature of business: Groundwork and roadwork contractors
Date of appointment of administrative receiver(s) 4th September 1990
Name of person appointing the administrative receiver(s)
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Joint Administrative Receivers
(office holder no(s) 2104 and 6359)
Orchard House, 10 Albion Place, Maidstone, Kent ME14 5DZ

COMPANY NOTICES

CANADIAN PACIFIC LIMITED

At a meeting of the Board of Directors held today, a quarterly dividend of twenty-three cents (23c) Canadian per share on the outstanding Ordinary Shares was declared, payable on October 29, 1990, to holders of record at the close of business on September 27, 1990.

BY ORDER OF THE BOARD,
D.J. DEEGAN
VICE-PRESIDENT AND SECRETARY
CALGARY, September 10, 1990

COMPANY NOTICES

SPANISH 4% EXTERNAL LOAN (1974 ISSUE)

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ARTS

Arts Week

F	Sa	Su	M	Tu	W	Th
14	15	16	17	18	19	20

EXHIBITIONS

London

Royal Academy of Arts. Monet in the 90s: The Series Paintings. The long-awaited blockbuster exhibition opens in London sending reviewers scurrying to explain the artists's double vision. Burlington House, Piccadilly (287 9579).
Hayward Gallery. Eduardo Chillida. Major retrospective of the Spanish sculptor (261 0127).

Paris

Marmottan's Monets. For lovers of impressionism, the Musée Marmottan is a must. A charming town house set in greenery, houses an important collection of paintings and drawings by Claude Monet and his friends. In the last 20 years of Monet's life, his garden in Giverny became his great inspiration. In glowing colours and changing light he painted its Japanese bridge and weeping willows and, above all, time and again the unforgettable Nympheas – waterlilies on still green waters. Musée Marmottan, 2 rue Louis-Boilly, closed Mon.
Musée d'Orsay. The spectacular museum of the 19th century issituated opposite the Tulleries gardens within the metallic structure and the glass-roofed vault of the vast Belle Epoque railway station. It houses paintings, sculptures, objets d'art and photographs from the end of the romantic period to the beginnings of modern art and the Impressionist and post-Impressionist collections formerly in the Jeu de Paume. 1 rue Bellechasse (45494814). Closed Monday.
Picasso Museum. The restored 17th century Hotel Sale, provides a fitting home for the world's largest collection of Picasso's work. It is completed by Picasso's own collection of paintings by his friends, such as Braque and Matisse, or by artists he admired, Renoir, Cézanne and Douanier Rousseau. (42712421).
Musée de Cluny. Medieval Art in Paris. The Abbots of Cluny built their magnificent late Gothic town house in the heart of the Latin Quarter on the ruins of Roman baths. Now a museum, it houses medieval works of art. Place Paul-Painleve, (43256200). Closed Tue and lunchtimes.
Musée Rodin. Delightful 18th century town house - Hotel Biron - contains the life work of Auguste Rodin, who opened the way for modern sculpture. Closed Tue.

Martigny

Fondation Pierre Gianadda. Modigliani. Some 50 oils, as many drawings and some sculptures form an important retrospective of the Italian-born artist living at the beginning of the century in the feverish atmosphere of Montparnasse and Montmartre. In contrast, the rather stylised two-dimensional portraits of his friends and of Jeanne Hebuterne, his last and tragic companion, embody perfect repose. (26 223978).

Brussels

KB Gallery. Exhibition of lace accessories and table linen. 17th century to late 1930s from private Flemish collections. Closed Mon. Grande Place.
Palais des Beaux-Arts. 5 million years: The human adventure. Man's evolution shown through 200 archaeological artefacts and other exhibits. Daily, ends December 30.

Rome

Palazzo Delle Esposizioni. This splendid neo-classical building reopens after four years of restoration work On the ground floor is a fascinating archaeological exhibition, which attempts to give a clear picture of Rome in the 6th century BC. Particularly fine are the decorative additions to the Etruscan temples, delicately worked jewellery and the ceramics (imported from Greece).

Turin

Castello di Rivoli. A retrospective of minimalist artist Mario Merz. The works are not, however, in any particular order: a glass with a neon light running through it, dating from 1967, sits on a recently made table. The artist has made witty use of the frescoes and stucco designs in this ex-royal palace of the Savoia family, now restored and transformed into a museum of modern art (ends September 23).

Florence

Palazzo Vecchio. The age of Masaccio: tying in with the reopening of the Brancacci chapel in the Church of the Carmine after a six-year restoration on the cycle of frescoes by Masaccio and Masolino, are 109 works by painters and sculptors who worked in Florence in the golden years between 1401 (the date of Masaccio's birth) and 1440. Included are frescoes, sculptures and drawings by Paolo Uccello, Beato Angelico, Gentile da Fabriano, Donatello, Brunelleschi, Ghiberti and Filippino Lippi, and four paintings by Masaccio himself.

Venice

Palazzo Grassi. From Van Gogh to Picasso – from Kandinsky to Pollock. Opening with Picasso's 1931 Woman with Yellow Hair and closing with Fernand Leger's 1950 Builders with Rope, this exhibition provides a truly delightful canter through modern art from the late 1870s onwards. Included in the group of paintings lent by the Guggenheim in New York are 32 works from the remarkable Thannhauser collection, none of which have been back to Europe since they were bequeathed to the museum in 1940. Justin Thannhauser's group include some fine Cezannes, two famous early Picassos: Le Moulin de la Galette and the Fourteenth of July, and excellent examples of almost every other artist of note (mainly French) you can think of. A large group of works, come from the Peggy Guggenheim collection at the Palazzo Vernier in Venice. Particularly prominent are the surrealists, her particular interest, among which is Max Ernst's fascinating The Antipope. Much of the pleasure of the exhibition comes from its sensitive layout by the architect, Gae Aulenti. Ends December 9.
Palazzo Ducale. Titian. This exhibition organised jointly by the Venice local council, the Arts Ministry and the National Gallery in Washington, marking the 5th centenary of the painter's birth, is the largest for over 50 years. More than 70 paintings are on show, lent by American, Russian and European museums.

Essen

Museum Folkwang: Vincent Van Gogh and Modern Art. On the 100th anniversary of Van Gogh's death, this exhibition aims to display his influence on European modern art. With 50 of his own paintings and 120 by other artists it shows his impact on art in the period 1890-1914. Among the other artists are Matisse, Derain, de Valminck, Picasso, Kirchner, all influenced by Van Gogh.The exhibition moves to Amsterdam in Nov. Ends Nov 4. Goethestrasse 414300, Essen 1.
Villa Huegel 15. St Petersburg around 1800. With 555 pieces on loan from Leningrad's state Hermitage Museum, the exhibition details the developments of Russia from a great empire to a European power. St Petersburg was the residence of Peter the Great and acted as an intermediary between east and west. The exhibition covers the period from the 18th to the 19th century of Tsars Paul I (1796-1801) and Alexander I (1801-1825) in its role as the political, intellectual and economic centre of Russia. This unique show gives a clear, variegated view of the historical importance of the period of the Russian empire, with paintings, furniture, sculptures, costumes and porcelain.

Berlin

Martin-Gropius-Bau, Stresemannstrasse 110. Bismarck's Prussia, Germany and Europe. This exhibition in Berlin will be the first organised by the German History Museum, with around 1,000 pieces on loan from 250 different museums from all over Europe and the US. Otto von Bismarck, born 175 years ago in Schoenhausen, was the German Imperial Chancellor and Prussia's premier before he was sacked by the young Kaiser Wilhelm II 100 years ago. The current political changes in Europe, particularly in East Germany, underline the importance of this exhibition, which also attempts to explain what happened after the revolution of 1848. Bismarck was at the centre of several conflicts in relation to industrialisation, social questions and the impetus towards forming nation-states in Europe. An accompanying programme includes literature, music performances, films and video. Until November 25.

Leipzig

Museum der bildenden Künste. Max Beckmann (1884-1950), pictures from 1905-1950. Born in Leipzig, the painter taught in Frankfurt's Städel school from 1917-1930. In this exhibition are works from all over the world, including the renowned Synagoge and his final painting Behind the Stage.

New York

Brooklyn Museum. From pastoral landscapes to moonstruck mature fantasies, this comprehensive exhibit makes the claim for Albert Pinkham Ryder as the first modern American painter. Ends Jan 6.

Washington

National Gallery. Artistic dividends of the end of the cold war continue with a comprehensive show of Suprematist Kasimir Malevich and his Soviet contemporaries with works never before lent by the Soviet Union. Ends Nov 4.

Chicago

Chicago Historical Society. A House Divided, America in the Age of Lincoln. Documents, mementos and personal effects of the Great Emancipator.
Art Institute. The Russian Taste for French Painting is a tribute to the cultural impact of improved Soviet-American relations with its French masterpieces borrowed from the Hermitage and Pushkin Museums. Works from Poussin to Matisse include Manet, Renoir, Cezanne and Gauguin.

Tokyo

Tokyo Metropolitan Art Museum. Works from the new Japanese Gallery at the British Museum. Screens, scrolls, woodblock prints and ceramics – mainly from the Edo Era of the 16th to 19th centuries when Japan was closed to the outside world.
Idemitsu Museum. Noh Costumes. Noh is the world's oldest extant form of drama, dating back 600 years or so. The sumptuous costumes display the best of Japanese dying and weaving techniques and are themselves works of art. Also on display are masks, fans and stage props. Closed Mon.
Teien Museum. Mind and Body: the human form in Greek art. Sculptures and bas reliefs, mainly from collections in Greece and Switzerland, exhibited in an exquisite Art Deco former palace. Closed Wed.
Touko Museum. Issey Miyake: Pleats Please. Costumes and art objects by Japan's top fashion designer. The pleated costumes that look like space suits and feature geometric designs are based on his 1989 Paris collection.

THEATRE

London

Jeffrey Bernard is Unwell (Apollo). James Bolam is the alcoholic journalist. Keith Waterhouse has stitched a fine play, the season's highlight, from Bernard's own writing, Ned Sherrin directs. (437 2663).
Aspects of Love (Prince of Wales). Andrew Lloyd Webber's latest is an intimate chamber operetta derived from David Garnett's 1955 novella. Musically interesting and well directed by Trevor Nunn. (839 5972).
Burn This (Lyric) Blistering performances from John Malkovich and Juliet Stevenson in Lanford Wilson's play about the mismatch of opposites (437 3686).
Shadowlands (Queen's). Weepie about the love affair between crusty Oxford writer C.S. Lewis and the cancer-riddled American poet Joy Davidman, which pushes Nigel Hawthorne and Jane Alexander into the awards stakes. William Nicholson's play is irresistibly emotional. Elijah Moshinsky's direction is superb. (734 1166/439 3849).
Absurd Person Singular (Whitehall). Revival of early Ayckbourn comedy, directed by the master himself, about three couples at Christmas in three kitchens over three years. A production which confirms Ayckbourn's early bleakness (071 867 1119). Extended until January
Man of the Moment (Globe) Nigel Planer and Gareth Hunt in another Alan Ayckbourn play, this time about media manipulation (437 3667)
Henry IV (Wyndham's). Pirandello's cat's cradle of fantasy and reality, identity and time in a production by Val May the sobriety of which belies its pre-production high jinks. Richard Harris gives a star performance as the nobleman who thinks he is an 11th century king (071 867 1116). Last week.

New York

Gypsy (St James). This 30th anniversary production does more than revive a rich, vivid musical; it also introduces a new belter in the Merman tradition, Tyne Daly, as the bossy, tireless and tuneful Rose, who shamelessly leads her daughter into burlesque while rejecting a personal life for herself (246 0102).
Grand Hotel (Martin Beck). Tommy Tune, Broadway's present musical doctor, directs this remake of the Garbo film to shake the bones of this inert depiction of lives criss-crossing in an elegant, but somewhat random setting (246 0102).
Cats (Winter Garden). Still a sell-out, Trevor Nunn's production of T.S. Eliot's children's poetry set to music is visually startling and choreographically feline (239 6262).
Les Misérables (Broadway). The magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons in pageantry and drama (239 6200).
Phantom of the Opera (Majestic). Stuffed with Maria Bjornson's gilded sets, Phantom rocks with Andrew Lloyd Webber's haunting melodies in this transfer from London (239 6200).

Chicago

Steel Magnolias (Royal George). Ann Francis and Marcia Rodd play the leads in this view of southern life from under the dryers in a busy hairdressing establishment (988 9000).

Tokyo

Bunraku. The exquisite artistry of Japan's traditional puppet theatre is not to be missed. Performances of the lengthy historical drama, *Oshu Adachigahara (The Adachi Plain in Oshu)* are in two parts, at 11.30am and 4.30pm. The second part can be particularly recommended since it features a tragic death in the snow and is performed by a group of puppeteers led by Living National Treasure Tamao Yoshida. National Theatre (265 7411). Excellent English earphone commentary.
Kabuki. Kabuki-za (541 3131). The highlight of the matinee at 11am is *Ise Ondo (The Dance of Death at Ise)*, based on an actual case of mass murder in the 18th century. The star of the 4.30pm performance is 73 year old Gonjuro, who plays his famous role of a street swaggerer in *Edo Sodachi O Matsuri Sashichi*. Excellent earphone guide in English and English-language programme.
The House of Bernarda Alba. Lorca's tragedy of rural Spanish life is played (in Japanese) by a group of fine Japanese actresses and directed by Nuria Espert. Ginza Saison Theatre (535 0555). Opens Thursday.

Phantom of the Opera (in Japanese). This highly successful production is a carbon copy of the London original, with the added advantage that one can ignore the banal lyrics, since they are in Japanese. Shimbashi Ebujoh Theatre (797 9601)
Royal National Theatre: *Richard III* and *King Lear* play in repertory at the Tokyo Globe Theatre as part of the UK 90 Festival. The company is led by Ian McKellen and Brian Cox. (360 1151) Opens September 16.

OPERA AND BALLET

London

Royal Opera, Covent Garden. The opening production of the season is *Turandot*, in a production by Andrei Serban that counts as one of the company's most colourful and imaginative efforts of the last decade. Colin Davis is the conductor.
English National Opera, Coliseum. More performances of the new production of *Wozzeck*, conducted by Mark Elder, staged by David Pountney, with Donald Maxwell in the title role. Also Jonathan Miller's 1940s-style *Tosca* production and further performances of the ENO's delightful *Magic Flute*, conducted by Jane Glover.

Paris

Théâtre de la Ville. Odile Duboc presents *Insurrection* inspired by the movement of crowds in the streets during the French revolution (42742277).
Théâtre des Champs Elysées. New York's Joffrey Ballet and the Orchestre National de France conducted by Allan Lewis bring Satie, Debussy and Stravinsky's Le Sacré du Printemps in its original version in Nijinsky's choreography to the very theatre where it was first performed in 1913 (47203637).

Brussels

Théâtre Royal de la Monnaie. The Monnaie opera, chorus and orchestra in Verdi's *Simon Boccanegra* conducted by Carlo Tommasi.
Palais des Beaux-Arts. The Stockholm Symfonietta with the Nederlands concert tour and soloists perform Mozart's *Don Giovanni* (concert version) (Sun).

Liège

Palais des Sport. The Royal Wallonia opera in *Cavalleria Rusticana*.

Amsterdam

Muziektheater. The Netherlands Opera with a new production of *Parsifal* directed by Klaus-Michael Grüber. The National Ballet performs *Memories from Underground* (Van Dantzig/Henze) and *Requiem* (Van Schayk/Mozart) (255 455). Nederlands Danstheater with three Kylian ballets: *Overgrown Path*, *Svadebka* and *Sarabande* (255 455).

Barcelona

Gran Teatre del Liceu. Mozart's *Don Giovanni* alternates conductors Wolfgang Sawallisch and Peter Schreier in a production by the Bayerische Staatsoper München. Ends September 23.

Parma

Verdi Festival (until Sept 30) the French version of *Il Trovatore, Le Trouvere*, in a critical edition revised by David Lawton, performed by the orchestra and choir of the Paris Opéra conducted by Vjekoslav Sutej, with the Scala Ballet Company. (218687).

Berlin

Opera. *Die Zauberflöte* has fine interpretations by Elfie Hobarth/Gudrun Siebert. As part of this year's Berlin festival the Dresden Opera performs *Die Liebe zu drei Orangen* and *Elektra*. *Rigoletto* and *Madame Butterfly* complete the week.

Hamburg

Opera. *Der Liebestrank* is perfectly cast with Alida Ferrarini, Franzisco Araiza, J. Patrick Raftery and Rolando Panerai. Also *Der fliegende Holländer* and Brecht/Weill's *Aufstieg und Fall der Stadt Mahagonny* returns.

Frankfurt

Opera. *Die Nase*, excellently produced by Johannes Schaaf has William Cochran in the title role. *Macbeth* stars Rosalind Plowright and is conducted by Imre Pallo. Gluck's rarely played *Iphigenie en Tauride* and William Forsythe's ballet limb's theorem are both returning.

Bonn

Opera. The successful new *Rigoletto* production by Graham Vick, is wonderfully sung by Jean-Philippe Lafont in the title role.

Stuttgart

Opera. *Werther*, sung in French, returns with Marilyn Schmiege, Marcela Holzapfel, Neil Wilson and Tero Hannula. *Der fliegende Holländer* features Sabine Hass, Toni Kraemer, Wolfgang Probst/Robert Hale. *Figaros Hochzeit* features Melanie Kreuter, Helmut Holzapfel, Milagro Vargas and Carmen Mammoser.

Cologne

Opera. *Fidelio*, conducted by Cologne's music director James Conlon. *Siegfried*, part of the new Ring cycle is in a co-production with the Düsseldorf Opera, produced by Kurt Horres. Also *Madame Butterfly*.

New York

New York City Opera. The week features *Street Scene* in Jack O'Brien's production conducted by Chris Nance. *From the House of the Dead* conducted by Christopher Keene. Sharon Graham has the title role in Frank Corsaro's 1930s production of *Carmen* conducted by Hal France with John Absalom as Don Jose. New York State Theatre, Lincoln Center (870 5570).

Chicago

Lyric Opera. The company's 36th season opens with Gluck's *Alceste* with Jessye Norman in the title role in Robert Wilson's production conducted by Gary Bertini. Civic Opera House (332 2244).

Tokyo

Salome. New production conducted by Seiji Ozawa, with Eva Marton, Ragnar Ulfung and Helga Dernesch. Tama Parthenon (0423 76 8181).
Moiseyev Ballet. The famous folk dance company from the USSR. Tokyo Bunka Kaikan (from Thur) (587 0571).

ARTS

A collector with impeccable taste

William Weaver finds the Fondazione Magnani Rocca well worth the detour

The Fondazione Magnani Rocca, established by the late Luigi Magnani in memory of his parents, is housed in a spacious villa, surrounded by a park of ancient trees, in the flat, fertile country between Parma and Reggio Emilia. The founder died in 1984; shortly thereafter, the new Fondazione undertook the delicate task of transforming a private residence into a public gallery. The villa has been open now for two months, and has attracted a steady stream of visitors, though it is somewhat off the beaten track and can be reached only by automobile. It is, in the guidebook phrase, worth the detour.

Appropriately, the villa is located in farmland, for agriculture – and, in particular, dairy produce – was the source of the Magnani wealth. Luigi Magnani, musicologist, essayist, sometime professor at the University of Rome, was fortunately also a shrewd administrator and followed his father in successfully supervising the considerable family interest. At the same time, he pursued his own interests, slowly and fastidiously building the collection that, in his lifetime, was almost a secret. Close friends, important connoisseurs might be invited to the villa and, once there, they might – or might not – be allowed to see the pictures (and the sculptures and drawings and prints, the ceramics, the Bodoni editions, the illuminated manuscripts). In Magnani's last years, because of his justified fear of robbery, much of the time the pictures were in a guarded vault, brought out – but never all of them – only on special occasions. On these occasions, Magnani himself would decide which works were to be displayed, according to his estimate of the visitor: Prof. X might be granted a sight of the Titian and the Durer; Princess Y could be favoured with the Filippo Lippi and the Carpaccio.

Now virtually the entire collection can be seen at once. Passing the squawking peacocks, you enter the villa and in the hall find a great malachite bowl supported by gilt-bronze sphinxes, designed by Thomire and given by Czar Alexander II to Napoleon (the collection includes a number of choice empire pieces, by Thomire, Jacob and others). On the side walls are two Tiepolo grissailees, once in the Palazzo Sagredo in Venice. For Magnani collecting was also a kind of rescne operation. Many of the works he bought abroad had been taken out of Italy, and he delighted in bringing them home. In other cases, his acquisition kept a desirable work in Italy. And, though he certainly did not buy cheap, the fact that he was not acquiring works as a speculation, had no intention of parting with them (still less of exporting them), meant that he was willing to purchase listed works, which less altruistic collectors might have considered bad investments.

'La famiglia dell'Infante Don Luis' by Francisco Goya, 1784

He never went to auctions, and though he occasionally acquired through dealers (the purchase of 1818 Dawe portrait of Marie-Louise, as grand duchess of Parma, was handled by Colnaghi's) more often he bought from private owners: the great, brooding Goya group portrait of the Infante Don Luis and his household came from the Ruspoli family, the Infante's direct descendants; the Durer Madonna came from the convent of Bagnacavallo (where poor Allegra Byron spent her last months), probably brought there originally as part of some nun's "dowry." Magnani wooed the picture for years. The fact that his mother was the collateral descendant of a Pope probably helped his cause – until he had convinced the nuns to sell. Similarly, he won the charming little statue of Saint George made by Manzu for the grave of the painter Giorgio Morandi: enamoured of the work, Magnani persuaded Morandi's sisters to let him have it. It is now in the former library of the villa, on Morandi's grave there is a replica.

Magnani's association with Morandi began when the collector was a university student in Bologna and Morandi was still unknown outside of a small group of admirers. The young Magnani became not only a patron but also a friend; for him, Morandi agreed, exceptionally, to paint a work to order: a still-life of musical instruments, which used to hang over the piano in the drawing room. Now it can be seen along with several dozen other works by the artist – oils, drawings, graphics – in a special section of the villa.

The Magnani collection was inspired by an admiration for excellence, and by the collector's taste (supported by the advice of authoritative friends like Cesare Brandi and Roberto Longhi). Magnani did not collect by rule, did not limit his interests to this period or that: he bought a lovely Monet, but also a severe Burri, several lyrical works by De Pisis as well as an austere pastel by Hartung.

The collection is not large, yet every piece is worth attention and is a pleasure to look at. The pleasure then continues as you come out of the villa and stroll on the broad lawns or visit the café to have a glass of wine from the Magnani estates or eat a delicious, simple meal under the trees. Next to the bar is a shop where you can buy chunks of the finest Parmesan or bottles of the Magnani wine: the perfect souvenir.

More Beethoven & Bartók

WIGMORE HALL

By Wednesday the Beethoven-Bartók festival at the Wigmore had clearly hit its stride. For one thing, the casting was not only more wide-ranging than on Sunday (each work here had different performers), but altogether more successful. The violinist Yuuko Shiokawa, whom I had thought over-parted in Bartók's First Sonata on opening night, led a fresh and candid performance of Beethoven's early C minor String Trio (with Nobuko Imai and Boris Pergamenschikow) – much wit, full appreciation of Beethoven's aim to write even-handedly for all three players, and therefore a balanced musical sound: thoroughly satisfying.

The *pièce de résistance* was inescapably the Third Quartet of Bartók, delivered with passion and muscle by the Takács Quartet. It would be redundant now to recount their outstanding virtues, in Bartók above all. I'll remark only that they sustained a sense of continuing drama at the end of the second Allegro – where distraught *glissando* phrases are rudely punctuated by stabbing chords – with rare (and valuable) conviction; and that their lower strings could with advantage be still rougher when competing against the violins' shrill *ostinato* hubbub.

That performance drew a deserved ovation, and after it Beethoven's E-flat Piano Trio, op. 70 no. 2, seemed ill-placed. The players – Brainin and Lovett from the Amadeus, with Bruno Canino scintillating too forcefully at the keyboard – extracted as much rumbustious humour from it as possible, but it made rather a dying fall. A modern chamber-music audience is not likely to think that off-day Beethoven can cap Bartók at his strenuous best, and it doesn't need a Classical one-for-the-road as proof of a serious concert. Perhaps András Schiff, the planner of this festival, thinks the Bartók cause still has to be won.

If so, he is certainly wrong. When a pair of seasoned musicians, Loránd Fenyves and Hansheinz Schneeberger, began the concert with plain, sinewy, compelling accounts of a few of Bartók's *44 Duos for Violins* – the perfect introduction to his chamber music, just as the "Mikrokosmos" study-pieces are the best *entrée* to his piano music – one thought: why haven't the rest of the inspired "44" been used to usher in every other concert? Wonderful though they are, in normal concerts they're hard to programme; this series could have offered the ideal occasions; and major Bartók no longer stands in need of any protective cover from minor Beethoven.

David Murray

London Symphony Orchestra

ROYAL ALBERT HALL & RADIO 3

It is unusual for any programme that Michael Tilson Thomas gives with the London Symphony Orchestra nowadays to be thoroughly conventional, so Wednesday's Prom, the LSO's only appearance in the current season, was curious by its very ordinariness. Perhaps heterogeneity – Walton alongside Beethoven, Berlioz with Janacek – made it distinctive; perhaps the inclusion of a Berlioz semi-rarity was the point.

Yet compared with some of the enterprising fare that the orchestra explores regularly with its principal conductor at the Barbican it seemed tame for such a showcase.

The proof though is in the performances and they were anything but ordinary. The Berlioz, the "lyric scene" *La Mort de Cléopâtre* which failed to secure him the Prix de Rome in 1829, was the natural focus and had Maria Ewing as its compelling soloist.

Whatever one thinks of her in other branches of the repertory she has exactly the right combination of declamatory power and intimate shading for such concert pieces as this, coupled with an instinctive command of Berlioz's melodic lines. With her singing so sharply focused the bouts of bad tuning and spreading tone that would send shivers through a Lieder audience get submerged by the dramatic flow: the range of colour and intensity of attack, the pertinence of every morsel of connective tissue, disarm most criticism.

Tilson Thomas set the stage keenly, relishing its Beethovenian tension and squeezing out the theatricality to the very last drooping pizzicato. In the remainder of the programme too the LSO was finely tuned, dashing through Walton's *Portsmouth Point* Overture with every jazzy rhythm fully sprung, piling into Janacek's Sinfonietta with gusto. There was an equally fulsome backdrop to Beethoven's First Piano Concerto too, though that seemed less appropriately plush.

It is hard to warm to such an over-egged approach; if such thick-textured, high-romantic playing would now seem quite inappropriate for a late Mozart concerto, why is it received so tolerantly in a work conceived barely five years later?

Emanuel Ax treated the solo part as if it belonged securely to the 19th century, never failing to underscore a cadence with a rallentando or to scatter sforzandi liberally through the outer movements.

The scale seemed entirely wrong; the content did not fit. On its own terms, though, Ax's playing was formidably accurate if rather mechanically expressive.

Andrew Clements

Tiepolo and 18th-century Vicenza

Giambattista Tiepolo's charm lies in his angst-free celebration of what must have been one of the pleasantest life-styles to have evolved in the last few hundred years. Between 1730 and 1760, those superb interior decorators, Giambattista and his son Giandomenico (who joined his father for the first time in 1750, decorating the bishop's palace at Wurzburg) worked ceaselessly, skilfully adapting historical, high moral and contemporary literary themes to suit the relaxed and frivolous atmosphere of the numerous, sumptuous villas built by the nobility and the prosperous "borhese" in the Veneto.

The focal point of the ambitious and somewhat unwieldly celebration *The Tiepolos and 18th century Vicenza* (until September 20), is the Villa la Cordellina Lombardi, some 12 kilometres outside Vicenza, for which Giambattista, fresh from his triumphs at the gesuati and the Scuola del Carmine in Venice, painted three magnificent frescoes in 1743. The ground floor "salone," opening on to the gardens is a delight, the result of a marvellous synergy between the architect, Giorgio Massari, and Tiepolo.

The ceiling fresco, "The Triumph of Virtue and Nobility over Error," is the artist at his most irresistible: dizzyingly fore-shortened cherubs frolicking among the pink-toned clouds of an infinite sky above two buxom venetian courtesans, the brunette holding the symbol of Minerva and the winged blonde a laurel crown, while fame sits blowing his trumpet on a more substantial cloud and a fierce cherub hurls ignorance into the bat-haunted shadows beneath.

The east and west walls are decorated with fairly sober scenes from classical history: the clemency of Scipio and the clemency of Alexander the Great. Both are pertinent reminders of the way hostages should be treated in an ideal world. Scipio, after a Spanish victory during the Punic wars, not only hands back the fiancée of the vanquished prince, but her ransom too, as a wedding present. On the opposite wall, a handsome but slightly foppish Alexander nobly refuses to take advantage of the undeniable charms of the wife and daughters of the defeated Dario, who kneel at his feet in seductive shades of dusty pink, gold and peacock blue.

After the Church of the Carmine, where he rather let himself go, these frescoes represent a call to order on the part of Tiepolo (probably influenced by his agent and mentor, Francesco Algarotti), or a bow in the direction of his formidable predecessor, Veronese, but with a naturalness of pose and a sense of urgency and excitement which owe nothing to the 16th century Venetian master.

Two major exhibitions have been set up in Vicenza itself. One, *The Urban Environment, Architects, Sculptors and Craftsmen* is at the splendid Palazzo Leoni Montanari, built and richly decorated by an early Italian yuppie, Giovanni Leoni Montanari, between 1678 and 1682, (it now belonging to the Banco Ambrosiano Veneto). This not only includes numerous projects by architects in the Palladian mould such as Vincenzo Scamozzi (who completed the delightful Teatro Olimpico, - and the lowliest of the Ville Venete, La Rotonda, after Palladio's death) but sections on landscaping, textiles, embroidery, the nascent industries and, among the sculpture, the originals of the famous dwarfs from the Villa Valmarana "Ai Nani," for which Giambattista and Giandomenico Tiepolo painted a remarkable series of frescoes in 1757.

At the Basilica Palladiana in Vicenza is *The Tiepolos and painting in Vicenza in the 1700s* which includes some fine works by Giambattista Pittoni, Solimena and Sebastian Oricci, most of which have been recently and well restored. A reminder of Giambattista Tiepolo's extraordinary talents as a draughtsman comes from the numerous preparatory drawings, among which are a delightful group relating to the Valmarana Ai Nani frescoes lent by the Horne Collection in Florence, as well as several from the Victoria and Albert museum in London.

At Bassano del Grappa, about 20 kilometres north of Vicenza, are two further exhibitions centred round two industries which grew and flourished during the 18th century, both started by men of extraordinary entrepreneurial talents. At Palazzo Agsotinelli is an account of the inexorable rise of the Antonibon ceramics factory, started by Giobatta Antonibon in nearby Nove in 1727. The Antonibons' skill in imitating attractive foreign designs, such as Meissen, which were beginning to appear so pleased the canny Venetians, who naturally preferred local talent to expensive foreign imports, that they were helped from an early stage with tax concessions and the reimbursement of cost of raw materials.

The exhibition moves from their earliest copies of the blue and white Delftware, to the late-18th century porcelain jardinieres. Particularly charming are the delicately painted ceramic tiles, the lidded soup dishes in the form of ducks or hens, of remarkable individuality and character, and the elegantly curved and handled "vasi di notte" decorated with roses and streamers.

Within easy walking distance, at Palazzo Sturm, an exhibition charts the history of the Remondini printing business, with exquisite examples of the prints, books, decorated papers and maps produced. Started towards the end of the 17th century, Giovanni Remondini's business grew rapidly, as he bought up the small number of unambitious competitors and put all the travelling salesmen on his payroll. He had no qualms about giving the market what it wanted: responding promptly to his Cadiz salesman's request "that Eve be particularly well-covered with fig-leaves, especially the buttocks" for the straight-laced Spaniards.

His son Giuseppe Remondini, who inherited the business in 1711, realised the importance of controlling the whole production process from raw materials to the distribution of the finished products. The Venetian Republic quickly gave him a licence and an exclusive contract, and by the middle of the century he had turned a prosperous company specialising in the reproduction of prints and decorative papers into the most important publishing house not only in the Venetian State, but in the whole of Italy, employing 1,500 and exporting throughout Europe, to Asia, South America and Africa.

As its name suggests, this small hill-side town on the banks of the River Brenta is also the centre of production for a pungent aqua vitae – much needed after this testing itinerary.

Jennifer Grego

BOOK REVIEW

Ladies the wrong side of the easel

Why have there been so few, or even no, great women artists? *Women, Art, and Society* by Whitney Chadwick (Thames and Hudson, £8.95) surveys the ways in which feminist art historians have grappled with the hoary question and with traditional art history. However content a reader may be with a "sexist" language of Old Masters and masterpieces, and a hierarchy which exalts oil painting and sculpture over pastels and needlework, this survey of feminist art history shows that it has borne a rich harvest.

At a controlled gallop, Professor Chadwick covers a host of women artists and society's attitudes to them from the Norman Conquest to the 1980s. It takes her from the Bayeux Tapestry, stitched by anonymous nuns, to professional women artists of today whose work focusses on questions of gender and power.

There is rather less room for discussing how women have been represented by artists, male as well as female. Reams of social history have to be condensed into a few lines, yet although the result is not sparkling reading it is deftly done.

Particular iconographic themes have attracted feminist scholars; the long association made between women and mirrors, flowers, and scenes of bathing. What we might call the party turns of feminist art criticism are given a brisk airing. Prime among them is Artemisia Gentileschi's "Susannah and the Elders" and "Judith and Holofernes." For feminist critics, her handling of these images of woman as victim and as virago is sharply different from a Tintoretto or Caravaggio.

Another key artist is Georgia O'Keefe. Ironically, gender stereotyping made her suffer alike at the hands of male critics and feminist admirers. Both proclaimed that her flower paintings were erotic, Freudian and quintessentially "female."

When a neglected woman artist's reputation is exhumed, it is seen as a subversive undermining of the hierarchy. Judith Leyster, the 17th-Century Haarlem painter, is a case in point. Famous and successful in her own day, in the 18th and 19th centuries she was just a name. It is only this century that her oeuvre has been pieced together, which has meant detaching paintings from her husband, Jan Molenaer, and from Frans Hals, whom she imitated.

Of course, there are any number of ghostly artists whom art historians summon back into existence in this way. Professor Chadwick does not make out a case for Judith Leyster's femaleness being the problem. Throughout the book, she avoids value judgements on artists, which will annoy some readers. Of Leyster's work, she merely states that is not the same as Hals. However, the fact that a woman's hand could be for so long confused with that of a hugely admired master like Hals is, for her, refutation of those who believe that women's talent is necessarily of a lesser order to men's. As she puts it, "the case of Judith Leyster offers irrefutable evidence of the ways that seeing is qualified by greed, desire, and expectation."

Cases of successful women artists raise the question of what society has at any time considered as a suitable female aspiration. Female talent tended (and tends) to be seen as freakish. Albrecht Durer bought a miniature of Christ by a young woman painter and noted in his diary, "It is a great marvel that a woman can do so much." In the Renaissance, humanists did extoll women artists. Vasari included heroines like Gentileschi and Sofonisba Anguissola in his biographies of artists, taking his queue from the Roman historian Pliny. Both applied different standards to female artists. Pliny had noted that one of his admired women artists stayed "a perpetual virgin." Vasari, too, exalted the private lives of his gentlewomen artists and their diligence. Genius, on the other hand, was an essentially male and non-moral attribute.

With the Enlightenment, women professional artists became more prominent and some, like Elizabeth Vigée-Lebrun, became the darling of international court society. The Acadamie Française was opened to women and Angelica Kaufmann and Mary Moser were among the founder members of the Royal Academy. A crucial argument in the repression of women in the arts is that they were not permitted to draw nude models, the backbone of academic instruction. Without it, they could not tackle the historical and mythological subjects which conferred true status.

In the 19th century, decorative and sentimental subjects rose in popularity and ladies standing the wrong side of the easel were taken more seriously. Sculpture remained problematic; what could be less feminine than bashing away at marble and granite? Professor Chadwick is particularly good on American women sculptors, some challenging the citadel of male superiority by establishing themselves in Rome. Of one, the black sculptor, Edmonia Lewis, Henry James made the memorably bitchy coment that her colour, "picturesquely contrasting with that of her plastic material, was the pleading agent of her fame."

In portraying the vicissitudes of women who have striven to be artists, Professor Chadwick does not hector and by and large avoids the jargon of feminist criticism. Her book is a thought-provoking and lively introduction to the subject.

Patricia Morison

The 1990 Booker Prize shortlist

The judges of the Booker Prize, Britain's richest award for fiction and sponsored by Booker plc, yesterday announced the six novels shortlisted for the 1990 prize. They are:

An Awfully Big Adventure by Beryl Bainbrigde; **Possession** by A.S Byatt; **The Gate of Angels** by Penelope Fitzgerald; **Amongst Women** by John McGahern; **Lies of Silence** by Brian Moore and **Solomon Gursky Was Here** by Mordecai Richler.

The winner, who receives £20,000, will be announced at a dinner at the Guildhall, London on October 16, which will be televised live on BBC2.

The judging panel, chaired by Sir Denis Forman, Deputy Chairman of the Granada Group, consists of Susannah Clapp, Deputy Editor of the London Review of Books, Walton Litz, Professor of Literature at Princeton University; Hilary Mantel, novelist and Kate Saunders, writer and journalist.

ARTS GUIDE

September 14 – 20

MUSIC

London

Vivaldi Extravaganza: London Bach Orchestra's programme includes The Four Seasons and Concerto in C for two trumpets. (Fri) Queen Elizabeth Hall. (928 8800).
City of London Sinfonia perform works by Handel, Mozart and Vivaldi. (Fri) Barbican Hall. (638 8891).
Alberni String Quartet in works by Haydn, Mozart and Beethoven. (Sat) Queen Elizabeth Hall.
London Symphony Orchestra, conducted by Michael Tilson Thomas, in a programme which includes Janaček's Glagolitic Mass. (Sun) Barbican Hall.
Brave New Worlds: contemporary music festival. City of Birmingham Symphony Orchestra, conductor Simon Rattle, play works by Bartok and Stravinsky. (Mon). Royal Festival Hall.
The Jazz Warriors: a tribute to Chris McGregor, the South African composer, with guest South African Choir, Amabutho (Tues). Queen Elizabeth Hall.

Paris

Orchestre Philharmonique de Radio France conducted by Marek Janowski. Ives, Bartok, Hindemith (Wed). Radio France. Grand Auditorium (42302308).
Philharmonia Orchestra conducted by John Eliot Gardner. Berlioz' *Romeo et Juliette* (Wed). Chatelet (40282840)

Picardy

The 3rd Cathedrals' Festival brings oratorios, masses and cantatas to the cathedrals of Laon, Senlis, Abbeville, Soissons and Compiegne. (052255220).

Amsterdam

Netherlands Philharmonic with the Netherlands Opera performs Brahms and Bruckner. Hartmut Haenchen conducts (Mon, Thur). Concertgebouw (718 345).

Brussels

RTBF Symphony Orchestra conducted by Andre Vandernoot with Ulf Hoelscher (violin) play Mahler and Mozart (Fri). Maison de la Radio.
Orchestre Symphonique de la Monnaie conducted by Theodor Guschlbauer perform Haydn and Bruckner (Sun). Palais des Beaux-Arts.
Royal Flanders Philharmonic Orchestra conducted by Carlos Paita with the Emerson Quartet in a programme of Bruckner and Mozart (Wed). Palais des Beaux-Arts.
Belgian National Orchestra conducted by Ronald Zollman with Lazar Berman (piano) play Franck, Schmitt and Tchaikovsky (Thur). Palais des Beaux-Arts.

Antwerp

Royal Flanders Philharmonic Orchestra conducted by Walter Weller with Iris Vermillion (mezzo) in a programme of Bruckner and songs by Wagner. Koningin Elisabethzaal (Fri).
Royal Flanders Opera Symphony Orchestra conducted by Rudolf Werthen with Karen Huffstodt (soprano) in a programme of Mozart, Richard Strauss and Tchaikovsky (Sat). De Singel.
Luciano Pavarotti (tenor) in concert with Andrea Griminelli (flute), musical director Leone Magiera (Wed). Sportpaleis (part of the Flanders Festival).

Utrecht

Radio Chamber Orchestra with Roeland Gehlen (violin), Martin Sieghart conducts. Fauré, Mozart, Strauss (Sat).

Berlin

Dietrich Fischer-Dieskau Lieder recital with pianist Vladimir Ashkenazy. Schumann's *Dichterliebe* (Thur). Opera house.

Frankfurt

Orchestre de Paris conducted by Semyon Bychov. Weber, Strauss and Rachmaninov (Sat). Alte Oper.
Budapest Festival Orchestra under Ivan Fischer with Andras Keller (violin). Liszt, Bartok and Kodaly (Sun). Alte Oper.
London Sinfonietta conducted by Arturo Tamayo. Birtwistle, Berio, Xenakis and Henze (Thur). Alte Oper.

Milan

Myung-Whun Chung conducting, with violinist Kyung Wha Chung. Weber, Bruch and Berlioz (Wed). Teatro Alla Scala (80.91.26).

Stresa (Lake Maggiore)

Settimane Musicali di Stresa. Last week of festival. Violinist Uto Ughi plays and conduct Mozart, Viotti and Paganini (Sat), and Shlomo Mintz and pianist Paul Ostrvsky with the New York Amati Trio on Monday.
Closing concert (Tues) is conducted by Carlo Maria Giulini: the Scala Philharmonic playing Schumann, Ravel and Stravinsky (31.095).

New York

New York Philharmonic conducted by Zubin Mehta with Florence Quivar (mezzo-soprano) and the Westminster Symphonic Choir directed by Joseph Flummerfelt. Mahler (Tue); Zubin Mehta conducting with Evgeny Kissin (piano). Schubert, Stravinsky, Chopin (Thur). Avery Fisher Hall, Lincoln Center (874 6770).

Washington

National Symphony Orchestra conducted by Mstislav Rostropovich. Key, Schuman, Copland, Mussorgsky/Kindler, Mussorgsky/Ravel (Tue); Mstislav Rostropovich with Beaux Arts Trio. Sibelius, Artyomov (world premiere). Concert Hall, Kennedy Center (467 4600).

Tokyo

Brigitte Fassbaender (mezzo), with Cord Garben (piano). Schubert. Tokyo Bunka Kaikan (Mon) (289 4621); Orchard Hall (Thurs) (545 9848).
NHK Symphony Orchestra conducted by Yuzo Toyama. Takemitsu, Mahler, Handel. Bunkamura, Orchard Hall (Tues) (477 3244).
Yuri Bashmet (viola) with the NHK Chamber Ensemble. Bach, Hoffmeister, Mozart. Suntory Hall (Wed) (235 1661).
Festival of Japanese Instruments. 13 works for various instrumental combinations. Vario Hall (Wed) (818 4152).

FINANCIAL TIMES
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Friday September 14 1990

The end of communism

SEVENTY THREE years after Lenin's October Revolution, the Soviet Union will formally abandon communism on October 1 1990. This, in its essence, is the decision on economic reform which President Mikhail Gorbachev announced on television on Wednesday night.

Given the significance of this commitment, what is astonishing about this week's political debate in Moscow has not been the confusion, but the relative unity and self-control. President Gorbachev's decision to back the Shatalin Plan for radical reform may or may not lead to the resignation of Mr Nikolai Ryzhkov, the Soviet Prime Minister. But the political dangers facing President Gorbachev and the Soviet Union have probably been diminished.

Economic radicalism has enabled President Gorbachev to forge an alliance with Mr Boris Yeltsin, the chairman of the Russian parliament, and should make it possible to win the backing of many other republican leaders. The Shatalin Plan will make it advantageous for the 15 constituent republics to sign an economic co-operation agreement within the next few months. Because this agreement will now be built around free trade and voluntary delegation of central economic powers to Moscow, it will allow the republics to reinforce their claims to sovereignty, while preserving the interdependence on which their economic survival depends, at least in the short term.

This formula points to a new kind of Soviet Union, more like the European Community than the US. Emotive questions of foreign policy and defence would remain to be settled. But if the economic union showed signs of working, voluntary political links could be secured between most of the republics - and orderly withdrawal by a few would not be fatal.

Embarrassing attempt

But does the disarray in the Soviet Government not threaten a political breakdown before the Shatalin Plan even starts? Mr Ryzhkov's embarrassing attempt to sway the country against radicalism had all the hallmarks of Mr Gorbachev's never-ending tactical ploys. While Mr Ryzhkov personally is relatively unimportant, he represents a powerful interest group – the bureaucratic and technocratic elite that will be threatened most directly by the dismantling of central planning. Along with the party apparatus, these people's ministerial and corporate fiefdoms represent the most serious obstacles to reform.

Public appeal

President Gorbachev could have over-ruled Mr Ryzhkov in private, but it probably suited him better to allow the Prime Minister to make one last public appeal. Just as the televised spectacle of last June's Communist Party congresses was instrumental in discrediting party reactionaries and loosening the communist grip on government, President Gorbachev may now hope that parliament's categorical rebuff to Mr Ryzhkov will help to disarm the bureaucratic opposition.

Of course, it would be best if such shenanigans could be avoided. They are bewildering and disturbing for the Soviet people, as well as for the international community. More importantly, the emphasis on tactics distracts attention from the questions of strategy which still have to be faced.

Until the Shatalin Plan is published in full judgment must be reserved on its economic and political feasibility. When these details emerge, particularly on the preliminary stabilisation programme, the international community will have to judge the role it should play in helping the historic transition. This role could prove vital not only in supporting the stabilisation programme, but also in helping to keep the redefined Soviet Union from falling apart.

But leaders both at the Soviet and republican level show signs of gravely under-estimating the hardships their people will inevitably suffer in the next year or two. Again, this may be a matter of tactics – when leaping from a burning building, it is perhaps as well to shut one's eyes. In the years ahead, however, the Soviet people will need strong, even inspirational, leadership, as well as tactical finesse.

Lessons of the Airbus row

THE lengthy transatlantic dispute over subsidies to the European Airbus programme is nearing a climax. Failure to settle it in the next few weeks would risk a full-scale confrontation between the US and Europe, which would further imperil the Gatt Uruguay Round. But whatever the outcome, the affair also highlights broader issues which threaten to create growing international friction.

The US Commerce Department recently turned up the heat by publishing a highly critical report on Airbus financing, which emphasised the threat to the US commercial aircraft industry. The report looks ill-timed, following encouraging signs of progress in negotiations between US and European authorities. Meanwhile, the Airbus Industrie (AI) consortium aims to finance privately its next model, the A321, and is forecasting its first profit this year. Admittedly, such a result would be achieved only in US dollars, AI's internal book-keeping currency: in national currency terms, the four Airbus member companies still face losses on the project. None the less, the trend is in the right direction.

Washington wants Europe to agree to revisions in the Gatt Civil Aircraft Code by the end of the month, after which it is threatening to lodge a complaint against Airbus in Gatt or to retaliate against US sales of the aircraft. The main points in contention are the permissible level of government launch aid for new aircraft programmes and West Germany's exchange rate guarantee to Deutsche Aerospace, its national Airbus partner.

Distorting competition

The US is understandably incensed by the guarantee which, by insulating Deutsche Aerospace against adverse currency movements, flagrantly distorts international competition. However, Bonn argues that, without the scheme it would have been impossible to privatise Deutsche Aerospace – a step long urged by the US – and that the guarantee will expire in 1996. Washington may have to settle for a European undertaking that such abuses will not recur.

It is important that such commitments be made as watertight as possible. Unrealistically low GATT launch aid ceilings could simply encourage more surreptitious forms of government funding. In an industry where leading producers' heavy dependence on defence contracts blurs the borderline between legitimate government support and anti-competitive subsidy, aid for commercial projects could easily be concealed as military spending. The most effective safeguard would be to hive off Airbus production by turning AI into an independent Plc.

Spin-offs

However, the US also needs to recognise that its campaign for purity cuts both ways. Its aerospace manufacturers admit that their civilian ventures benefit – and in some cases are direct spin-offs – from military contracts. More financial transparency is needed, though the close links between the two types of activity, in Europe as well as in the US, militate against any effort to draft formal international regulations on cross-subsidies between them.

Nor is the US above subsidising supposedly commercial projects in other high-technology sectors. The Pentagon is funding Sematech, a joint semiconductor industry programme, and Washington has been under pressure to support a similar venture in high-definition television (HDTV). Like their counterparts in Europe, the schemes are justified by much the same "strategic industry" arguments as have been used to defend subsidies to Airbus.

These arguments see competition as being between countries and regions, not just between companies. This fallacy, which lays much emphasis on notions of self-sufficiency, frustrates international restructuring and ignores the growing worldwide links between producers in the sectors concerned. Tighter international regulations may go some way to check beggar-thy-neighbour subsidising of industrial champions. But the surest cure is for offending governments to realise that they are playing a zero-sum game.

Roger Matthews explains the evolution of a peace plan which could close a bloody chapter in south-east Asia's history

An end in sight to Cambodia's agony

The achievements of, and opportunities for, the once-derided United Nations are mounting at a breathtaking pace. The newly-found spirit of co-operation among the five permanent members of the Security Council has led the world body to create the best opportunity it has had to halt the fighting and to bring peace to what has been arguably the worst human tragedy to strike any country during the second half of the 20th century: that of Cambodia.

The UN has the chance to put to the test its ambitious and costly proposal for taking over the security and administration of a country which has been a battlefield for 20 years; of organising fair elections for the first time in Cambodia's history; and of leaving *in situ* an independent government which enjoys the support of most of the people and is free from dominant external influence. The cost over two years is unlikely to be less than $3bn; it may be as much as $5bn. Some 10,000 troops would probably have to be deployed as well as a similar number of civilian administrators.

The UN has not attempted anything quite so far-reaching before. It will test the commitment of the Asian nations, especially their readiness to bear up to a third of the cost of the UN force. These countries' general lack of enthusiasm for the UN-agreed measures needed to curb the aggression of President Saddam Hussein has contrasted sharply with their historical dependence on the US both for regional security and their own rapid economic development.

The Cambodia tragedy, which grew out of the Vietnam war, has long been viewed in the West as primarily part of the American legacy in south-east Asia, with all the guilt and moral ambiguities that that implies. Fifteen years after the final US withdrawal from Vietnam, Cambodia has evolved into a more distinctly Asian problem. The resolution of its crisis can still be strongly assisted by the US and other western nations, but more depends on the Asian countries, and chiefly on two of the most rigidly communist regimes, those of China and Vietnam.

Flexibility on Cambodia is the key to unlocking the American-led embargo of Vietnam

The most immediate reason for the sudden optimism that both Peking and Hanoi were at last willing to put real pressure on their Cambodian clients was the agreement reached by the four warring factions earlier this week on the formation of a Supreme National Council. The council will be the repository of Cambodian sovereignty during the proposed interim UN administration and will comprise 12 members and a chairman.

It was agreed during talks this week in Jakarta, the Indonesian capital, that the Vietnamese-installed government in Cambodia headed by Mr Hun Sen, the Prime Minister, would contribute six members, and two each would come from the Khmer Rouge, backed by China, and the two non-communist factions headed respectively by Prince Norodom Sihanouk, the former head of state, and Mr Son Sann, a former Prime Minister. It is expected that Prince Sihanouk, despite his repeated and theatrical retirements from the political arena, will become the chairman.

The agreement is historic for a number of reasons. The most emotive and controversial is that it gives the Khmer Rouge a formal constitutional role in the future of Cambodia. It would always have been fair to assume that the policies followed by the Khmer Rouge under the notorious Pol Pot between 1975 and December 1978, when the Vietnamese invaded, would automatically preclude it from any say in the future of the country. But, incredibly, responsibility for the deaths of up to 1m people by murder, starvation and neglect has not eliminated support for the Khmer Rouge within or outside Cambodia. With crucial Chinese backing, the Khmer Rouge not only defied for a decade all Vietnamese military attempts to eradicate it as a fighting force, but since most Vietnamese troops withdrew a year ago, has systematically extended its area of influence, getting ever closer to Phnom Penh in the process.

In recognition of this unpalatable political reality, the six-member Association of South East Asian Nations (Asean) has consistently argued that because there were four parties to the Cambodian conflict any durable solution had also to be quadripartite. Mr Hun Sen has been forced to accept the Khmer Rouge presence but has won his demand for as many seats on the Supreme National Council as the three opposition groups together.

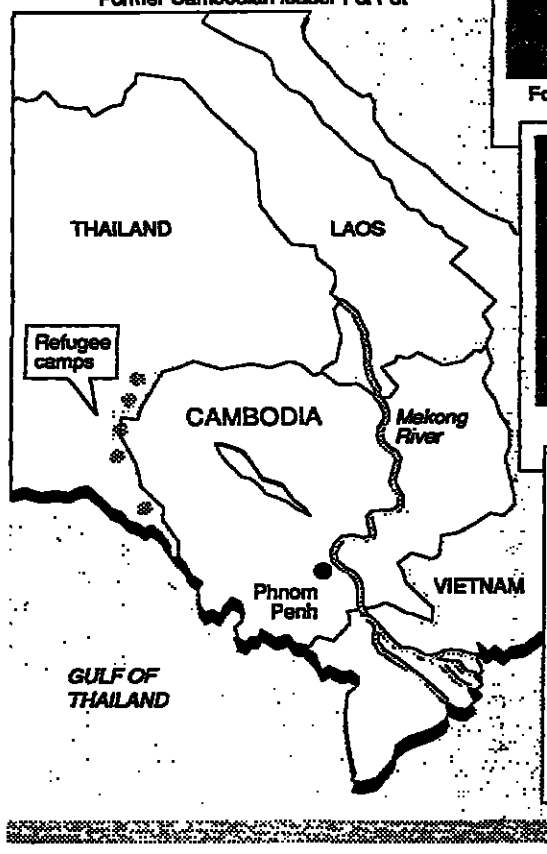
Implied in that acceptance is another key Asean argument – that there must be a third and non-communist option. Asean members have stressed that the people of Cambodia deserve more than the either/or choice between the appalling Khmer Rouge and the Phnom Penh government which, stripped of its official title, is another communist faction headed by former Khmer Rouge party members. Despite their bitter opposition to the present Khmer Rouge leadership, Mr Hun Sen and his colleagues in the People's Revolutionary Party of Kampuchea have depended ultimately on the support of Hanoi.

To this extent, both communist factions have made significant concessions by agreeing to the UN plan and to the formation of the Supreme National Council. The moral doubts which western and Asian nations may have suffered by offering indirect support to the Khmer Rouge have been subordinated to the necessity of checking the threat of further Vietnamese military advances. Equally, more and more people and countries have been persuaded that, whatever reservations they may have about the regime of Hun Sen, the present Phnom Penh regime was preferable to the return of the Khmer Rouge. What the Jakarta agreement has emphatically underlined is that in the Cambodian conflict no one can claim consistently to have occupied the moral high ground; attempts to do so have sometimes proved an obstacle to the search for a negotiated settlement.

The agreement reached by the five permanent members of the Security Council has given everyone a chance to scramble on to rather firmer ground. In the space of a few weeks, the US has announced that it will no longer support the opposition coalition (including the Khmer Rouge) occupying Cambodia's seat at the UN and has agreed to talk directly to Vietnam, albeit only about Cambodia and at a relatively low level. China, less fearful of Soviet encirclement following the withdrawal of most Soviet forces from the Cam Ranh Bay base in Vietnam, and mindful of the international horror at Tiananmen Square in June last year, has offered to hold direct talks with what it has always described as the Vietnamese puppet regime in Phnom Penh. The Soviet Union has, in turn, agreed to hold talks with Prince Sihanouk.


Former Cambodian leader Pol Pot


Former PM Son Sann




Prince Sihanouk


Prime Minister Hun Sen

All this is only a prelude to the really hard part to come. In the months ahead, it will be vital not to lose sight of the fact that the present breakthrough has been achieved primarily because of the collapse of communism in eastern Europe and the huge changes being wrought in the Soviet Union. Vietnam has set its face firmly against any form of internal political liberalisation, but cannot be protected against the dire economic consequences of a massive cut in Soviet assistance. Flexibility on Cambodia is the only key to unlocking the American-led embargo of Vietnam and to opening the path towards eventual economic reconstruction.

But because that assertion is far from being fully accepted by the septuagenarian leadership in Hanoi, it must be assumed that Vietnam will not easily relinquish all its ambitions for Cambodia. It must also be assumed that Mr Hun Sen appreciates that it would be strongly against the current tide of world opinion for a communist party to triumph at the polls. Indeed, all the communist factions will be aware that those with the most to gain from full implementation of the UN peace plan are currently the weakest militarily: Prince Sihanouk and Mr Son Sann.

Attempts by each faction to interpret differently the UN plan and its implementation are certain to generate additional friction, starting with the opposition of the Supreme National Council, the members of which are required by the UN to be acceptable to each other. At each succeeding hurdle, the chances of a stumble would appear greater.

The UN plan envisages its staff taking over the five key ministries in Phnom Penh thought to bear most on the creation of a neutral political environment in which elections could be held. These would be defence, finance, foreign affairs, security and information. UN troops would simultaneously begin the daunting task of separating and disarming the warring factions. None of the combatants will, of course, believe that the others are giving up their weapons. The UN plans for the four armies first to gather in defined zones before the process of disarming them begins. With the Khmer Rouge estimated to have up to two years normal supply of ammunition and weapons cached inside Cambodia, achieving a ceasefire and separating the forces may be as much as the UN can realistically expect to do. The creation of a genuinely national Cambodian army will only come in the wake of a durable political settlement.

Deciding who can vote in an election will be scarcely less complex or acrimonious. There are thought to be 7m to 8m people living in Cambodia. The opposition factions will argue that many of them, especially in the eastern provinces, are, in fact, Vietnamese. For the UN administrators, most of whom will speak neither Khmer nor Vietnamese, it will be at best a highly imprecise process. Another enormous complication is provided by the 300,000 or so Cambodians living in refugee camps in Thailand or just inside the Cambodian border. Each faction will want to ensure that its supporters from the camps stay together and vote together. If they are to be resettled in Cambodia before the election, they will have to be moved, housed and provided with land and the means to farm it.

All this has to be achieved against the background of a country almost without infrastructure, a countryside littered with mines, a near bankrupt economy and with severe shortages of locally qualified personnel to assist the UN administrators. Since Hun Sen introduced modest economic liberalisation measures last year, graft has again become rampant. There are hints in Phnom Penh that some traders in the capital may even have done deals with the Khmer Rouge to keep their supply lines open. Injecting substantial UN funds could, if not tightly controlled, set off a crude scramble for money among the privileged and cause rampant inflation for the mass of impoverished Cambodians.

The determined pessimist, however, can look at what has been happening during the past couple of weeks in Monrovia, the Liberian capital, where the arrival of a peacekeeping force led to the intensification of the battle between three armed factions. Given the modern history of Cambodia, the participants in its wars may not warrant any greater international confidence in their commitment to negotiated agreements. The temptation to grab a military advantage will always be there, especially for those who have no confidence in the outcome of the democratic process.

If, just if, the combined will of the UN can in the next six months force Iraq to withdraw from Kuwait and its Cambodia peace proposals are further refined and begin to take root, then the world, especially as viewed by the smaller nations, will begin to look like a much safer place. Once the UN has also resolved the Palestinian issue, there would be little left for an encore, except perhaps to walk on water.

OBSERVER

Glaspie in doghouse

■ April Glaspie, the US ambassador to Baghdad, is fast becoming the scapegoat for the US policy failure on Iraq. A stream of political leaks have cast her as a prime mover in the Bush administration's policy of appeasement toward president Saddam Hussein.

The main charges against Glaspie, aged 48, are that she handled Mr Saddam with kid gloves; that she failed to warn him against invading Kuwait; that she sympathised with his quest for higher oil prices; and that she somehow deserted her post on the eve of the crisis, leaving for a vacation in London one day before the invasion.

But her supporters argue that she is being blamed for major flaws in US policy which grew out of the pro-Baghdad, anti-Iran tilt in the 1980s. As the envoy to Iraq, she was only executing the policy set down by James Baker, US secretary of state.

Baker's failure to defend Glaspie against some vicious sniping in the US press is seen as typical of his wary attitude to the US foreign service. Yet as Glaspie notes, she was not alone in misreading Saddam Hussein. "Every Kuwaiti and Saudi, every analyst in the western world, was wrong too."

Glaspie, who always takes her mother and her King Charles spaniel on her foreign postings, now finds herself stuck behind a desk at the state department playing a minor role in the Gulf crisis. It is a humiliation for a gifted Arabist, one of the US foreign service's high-fliers.

Old empire

■ The opening up of eastern Europe is not just allowing new business alliances to be formed. Some old ones will be revived as well.

Coats Viyella yesterday announced it is buying a 60 per cent stake in a Hungarian textile group, Masterfil, which owns the thread mill in Budapest. Coats built that mill in 1926 and ran it until nationalisation in 1948.

Apparently not much investment has been put into the mill since Coats left, and the machines are the original ones.

However, Coats still has one employee who was an apprentice there before nationalisation – and who will be going back out there in a rather loftier position. The aim will be to bring the thread up to west European standards. That is necessary if eastern Europe is going to invest in the latest, much faster, sewing machines.

Coats hopes this might be just the first of several of its former east European businesses to return to the fold. At one time it had operations in eight countries there.

Coats still has the share certificates for its subsidiary in the Soviet Union, with the dividend coupons stamped as paid up to 1916.

Getting that one back may take a little longer.

Stamped on

■ While everyone else has been praising to the skies the conduct of the United Nations over the Iraq crisis, some members of the European Parliament in Strasbourg yesterday likened its behaviour to that of the Nazis.

The anger was all over the matter of a 36 cent postage stamp. In a new philatelic series featuring great scenes of crime-fighting, the UN has unfortunately chosen to depict three figures apparently representing orthodox Jews sneaking off down a back street carrying bags of loot.

Socialist MEPs want what they see as a flagrantly ant-semitic stamp to be withdrawn from sale at once, on the grounds that it will cause offence to millions of Jewish people all over the world.

Are there millions of people anywhere who even know that the UN issues postage stamps, I wonder?

"He's trying to work out whether it's worth going to the third world to fill up"

Ohta in London

■ Takeshi Ohta, who stepped down as deputy governor of the Bank of Japan in June, has fulfilled his parting promise to remain involved in international affairs.

He has become a non-executive directive of Kleinwort Benson, making him, it is thought, the first Japanese to occupy such an exalted position in a leading UK merchant bank. He will advise his new colleagues on the development of their Japanese business.

Ohta knows his way around the banking world. At the Bank of Japan he handled foreign relations. He is also an excellent English speaker, and he turns to western classical music for relaxation.

The City of London also saw the return of another prominent name yesterday – Andrew Large, the former chairman of the Securities Association.

Large, who resigned from the board of Swiss Bank Corporation last year, has become a non-executive director of Phoenix Securities, the highly successful mini-merchant bank which specialises in advising banks and stockbrokers.

The idea of joining a small specialist house appealed to him after spending most of his career in the big institutions, he says.

But Large will be keeping in touch with the wider corporate world in his other new role as director of Nuclear Electric, the bit of the power generation industry which the government is not selling off.

Bugs alert

■ Swarms of expectant daddy longlegs and a falling barometer have convinced Bill Foggitt, aged 77, the Thirsk weather sage, that heavy rainfall is due early next week.

He said yesterday: "The daddy longlegs always gather like this when rain is on the way.

They are waiting to breed as soon as the rain has softened the ground so they can lay their eggs. I think the sun might just see the weekend out."

Foggitt is forecasting a harder winter than the last this year. "We have had three mild ones in a row and it would be unheard of to have a fourth," he says. "But I don't think it will be too harsh. A cycle of hard winters builds up gradually".

September should improve again after the rain. The saying goes, "What July and August cannot boil, September will scarcely be able to fry".

Autumn weather tends to make its mark after St Matthew's day on September 25th.

Weatherlore has it that "St Matthew stills the bee," since it tends to be too cold for bees to fly after that date.

Report of United Nations plc, April 1 2000.

The following is an extract from the statement prepared for and slowly read out by the chairman, US President *J. Dan* Quayle:

"As we near the end of our first decade of trading, it is apposite to recall how this excellent business began. The core of the company, as founder-shareholders will know, is our wholly-owned subsidiary, Security Council Inc. Its history starts just 11 years ago, in 1989, when some of its then principal stakeholders began trading on their own behalf. The Soviet Union, which was at that time in existence as a single entity, re-organised its eastern businesses, which had been trading at a loss for many years. By letting them float free it was able to cut off the subsidies from the centre and start its own trade relations with its former loss-making branches on a normal basis. It worked well, since most of the disposals were in fact management buy-outs. The whole bundle of deals very soon became worth some $30bn a year at 1990 prices.

Barter was out; cash was in. Yet the new customers were strapped for hard currency, so mere re-organisation did little to achieve a quick return in terms of cash flow. That all changed when the first important real estate deal was done. President Mikhail Gorbachev, a hero of capitalism if ever there was one, conceived the brilliant idea of selling East Germany to its then rather naïve Chancellor, Helmut Kohl – lock, stock and Trabant plant. The simple Mr Kohl failed to grasp that what he was willing to pay for would have gladly been given away, for the same end-of-subsidy benefits that accrued from the Polish, Hungarian, Czechoslovakian and Bulgarian deals. Gorbachev even showed his magnificence as an actor, by letting it be known that he would hate to part with his Prussian steppes, as he called them, and that there might be trouble from his army if he did so. As the German elections approached he twisted and twisted the knife; eventually Mr Kohl wrote a cheque for $8bn up front, and that turned out to be only a deposit.

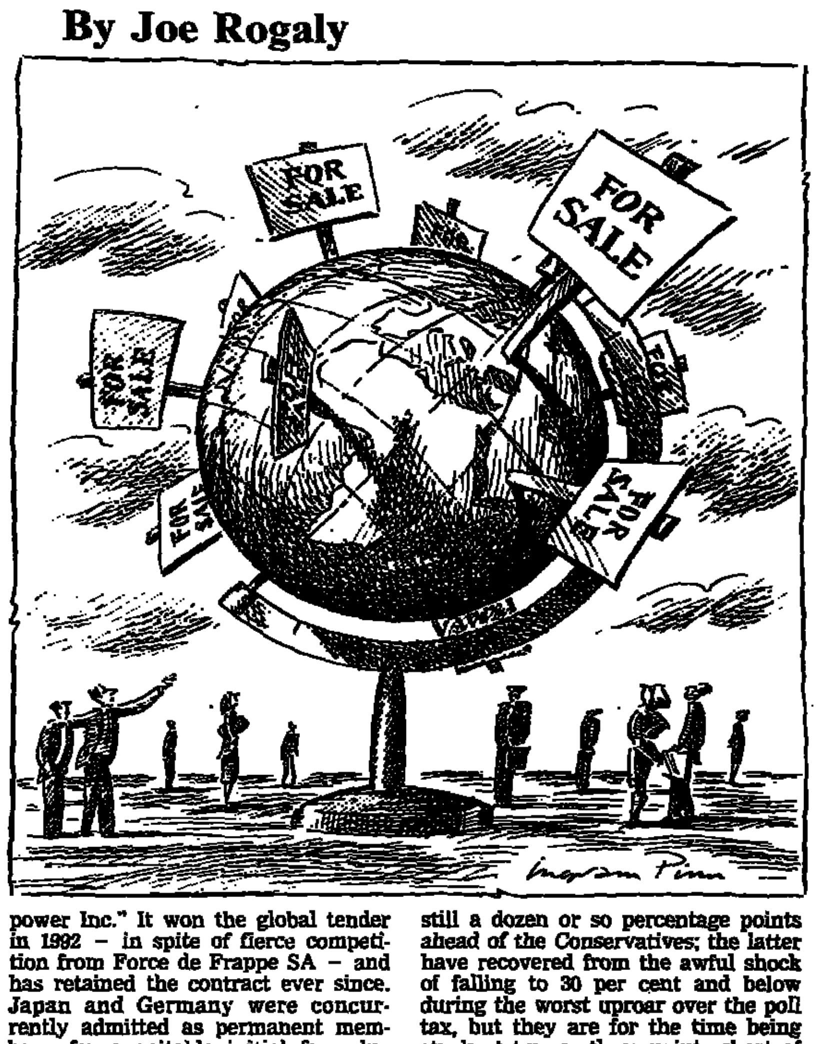
This became a precedent for the sale-back of four small islands that had previously been acquired in a hostile takeover from their then former owner, Japan. The acreage of Kunashir, Etorufu, Shikotan and the fourth, unheard-of island combined was much smaller, but Gorbachev cleverly applied Tokyo property prices; in the end he netted almost as much for these specs in the Kurile chain in the far Pacific as he had for the whole of East Germany. He did not, however, stop there.

Difficult as it may be to conceive in today's climate, at that time votes in the Security Council were taken on an independent, unpaid-for basis. You could not predict the outcome of any particular meeting. President Gorbachev saw his opportunity, and took it. The United States was in need of support in the Council, particularly from its then "permanent members," one of which was the Soviet Union. Entrepreneur Gorbachev was happy to oblige, initially in return for promises of a nice surprise in the post but eventually in return for a container-ship load of Marlboros and Lucky Strikes, assorted plain and tipped. Another permanent member, China, initiated what soon became a barter-trade, satisfactory to its participants but eventually unsustainable within a larger conglomerate. Its first vote was given in return for everyone shutting up about the massacres in Tiananmen Square; its second for a prolonged period of hush on the tricky subject of its subjugation of Tibet.

POLITICS TODAY

Excellent full-year results from UN plc

By Joe Rogaly



The upshot of all this was that the principal buyer, the United States, soon found itself highly-geared, over-extended, and otherwise heavily in debt. It had forgiven others their previously accumulated debts in return for services rendered during the great Gulf troubles. This gesture was worth billions to Egypt and subsequently Israel, but the US saw no hope of a return of the favour. It therefore applied good old American principles of trading: having despatched a force to the Gulf "for the good of the world" it subsequently started billing those it thought could afford to pay. "The cheque is in the post," said the Germans and the Japanese, but the bills kept coming, faster than the cheques.

The only way in which orderly trading could be restored, and managed on proper accounting principles, was to privatise the holding company, UN plc, sell shares to any buyer, and take on President Gorbachev's latest kind offer. This was a stunning package: a 50-year lease of the USSR's entire Russian-officered, Cambodian-seasoned, nuclear-equipped army, navy and air force, plus its British-trained and partly British-staffed KGB security service. These, said the Soviet President, were henceforth for hire as a peacekeeping operation wherever needed. It was magnificent. We salute his statue, which can now be seen on the screen, standing at the entrance to the Hayek-Gorbachev Institute of Political Economy in St Petersburg.

I forget who the US president was at that time, but as you know I had an important role in the administration even then. I remember it well, as I face, with confidence, the election for my second term. We Americans struck a deal, merging our own forces with those offered by Capitalist Gorbachev, to form the now world-renowned peacekeeping force, "Superpower Inc." It won the global tender in 1992 – in spite of fierce competition from Force de Frappe SA – and has retained the contract ever since. Japan and Germany were concurrently admitted as permanent members, for a suitable initial fee, plus annual maintenance costs which more than amply defray the expenses of Superpower Inc. Four golden shares in the ultimate holding company – shares known popularly as "Uncle Sams" – ensure that overall direction is kept in sound hands, i.e. mine.

Ladies and gentlemen, a toast to the new century!"

* * *

Back in the present, British politicians face a general election some time within the next 18 months. The latest round of opinion polls indicates that the Gulf crisis has had no discernible effect on the standing of the political parties. Labour is still a dozen or so percentage points ahead of the Conservatives; the latter have recovered from the awful shock of falling to 30 per cent and below during the worst uproar over the poll tax, but they are for the time being stuck at two or three points short of the 40 per cent-plus that would restore their political morale.

The Tories' chances of reaching that figure in time to arrange a fourth general election triumph for their leader depend upon politico-economic calculations that I suspect are being performed on an almost daily basis under the guidance of the Chancellor of the Exchequer. The onset of a recession, which is now increasingly in evidence, is, perversely, good political news, since it will in due course be used to justify a cut in interest rates. Lower mortgage payments are likely to win more votes for the Government than it is in danger of losing from headlines about increasing unemployment. So far so good.

The trouble is that the Gulf crisis renders all markets so uncertain that it is not easy to know when to make the cut, hype up the subsequent economic good news, knock a penny or two off income tax, and run for the polling-booths. If the cut is made soon, everyone will conclude that the election will be held next June, in accordance with the four-year cycle set by Mrs Thatcher after her 1979 and 1983 victories. This assumption would quickly develop into a more or less unstoppable force. But that would box her in, against the advice of the Conservative chairman, Mr Kenneth Baker. It would be courageous indeed to so restrict the Conservatives' freedom of choice of an election date while their standing in the polls is so low. So the politics of the interest-rate decision demand fairly precise timing. Such hesitations will keep everyone guessing, possibly for the larger part of next year, since as Mr Baker keeps reminding everyone, there need be no election before June 1992.

This state of uncertainty is one reason why it is now thought that a challenge to the leadership of Mrs Margaret Thatcher, on the model of last year's effort by Sir Anthony Meyer, is unlikely. There is another, even better, reason. Before the summer, and before the Gulf crisis, the topple-Thatcher plotters were busy. The plan was to initiate a leadership contest and put forward a candidate who would win more than 100 votes from Conservative MPs. That would demonstrate that at least a third of the Parliamentary party wanted a change. Mrs Thatcher would therefore feel obliged to resign (I doubt this part of the hypothesis), thus making way for Mr Michael Heseltine, the plotters' candidate. The new consensus is that this cannot happen while there is a sense of national emergency, our hostages are in danger, and British troops are in the desert.

The consequent slump in Mr Heseltine's prospects is widely acknowledged. He will probably have to wait until after the next election. He might get the leadership of the Tories if they lose that election, but if they win it Mrs Thatcher will be in a position to hang on long enough to promote the chances of her first choice as successor, probably Mr Major, or, if that cannot be, her own last-ditch candidate. The initials of this person are ABH – Anyone But Heseltine. Perhaps she had this in mind when she ruminated last weekend about the possibility of staying on for another five years or more.

Mrs Thatcher's extraordinary luck has begun to turn in other ways. Europhiles, like myself, cannot but accept that the smooth running of the famous train to European monetary union is currently subject to abrupt changes of direction. The self-centered hesitations of other European countries over assistance to the US in the Gulf also constitute bad news for proponents of closer integration of the EC. My money is against an outright Labour victory, but it is beginning to get close to hedging your bets time.

LOMBARD

Europe's other front line

By Peter Bruce

If the vertical divide in Europe is fast disappearing, it may be being replaced, less obviously, by a horizontal one. Mediterranean Europe, the south, is beginning to take on the trappings of a front line.

Not for nothing did some Mediterranean countries hesitate in their response to Iraq's invasion of Kuwait; while their particular circumstances differ, they all face potentially difficult Moslem neighbours across the water. The recent fundamentalist victory in municipal elections in Algeria barely made news in northern Europe and the US but it has raised the hair on the back of south Europe's neck.

It is assumed, at least in Madrid, that whatever happens in the Gulf could echo ominously throughout Moslem north Africa and that President Saddam Hussein's battle calls to Moslems are directed as much to north Africans as they are to Gulf Arabs. The French, Spanish and Italians fear, to varying degrees, for the long-term future of moderate regimes in Algeria, Morocco and Tunisia. Mr Felipe Gonzalez, the Spanish Prime Minister, broke off his holiday last month, just before deciding to commit naval forces to the Gulf, to see King Hassan in Rabat – not so much to offer support at a time of Arab crisis but to be coached in how best to react, or at least to be reassured about his instinct, which was to join the blockade.

Not surprisingly, the Spanish continue to plead for a "regional" solution to the invasion no matter how elusive the prospect appears. The Italians have floated an idea, eagerly picked up by Madrid, to establish a Conference on Security and Co-operation in the Mediterranean, similar to the CSCE that operates in Europe. Although the weight of French foreign policy still leans eastwards, the idea is being taken seriously in Paris as well and Madrid is thought likely to make public its proposals later this autumn. Neither the US nor Britain will be thrilled at the prospect of the Libyan Government sharing a forum with some Nato powers, but south Europe cannot pick and chose its dinner partners.

The problem for the southern countries at the moment, however, is predominantly economic. They are Europe's front door to potentially millions of migrant labourers from north Africa. Italy is already suffering from a large influx of people from the south. The presence of Algerian workers in France is feeding the most powerful racist movement in western Europe since the last war. Racist attacks against Moroccan workers in Spain, particularly in Catalonia, are being frequently reported and the Government is considering tightening immigration legislation.

One of the most spectacular summer sights in Spain is the thousands of Moroccans from Holland and Germany, but mainly France and Spain, driving overloaded cars down the country's crowded roads to the ports of Algeciras and Malaga to take ferries home. Closing the door on these people and the many still to come could have disastrous effects. By denying them jobs on the Continent, Mediterranean Europe would be driving them into poverty and, possibly, into the grip of extremist politics.

As the European Community's single market approaches, many weaker south European manufacturers are themselves heading further south to escape higher wages and competition. That would be harder to do if the atmosphere on either side of the Mediterranean were to sour. Just as the West Germans could often irritate their western allies by treading softly in eastern Europe, it should not surprise anyone now that southern Europeans begin to do the same on any issue that touches the Mediterranean or the Moslem world. The growing crisis in the Gulf should bring the point home with a vengeance. With the airspace clogged by US military air traffic as the southern countries – Spain and Italy particularly – form the main links in the US supply chain to the Gulf, it has also not escaped the attention of authorities in Paris, Rome and Madrid that bases in their countries now play host to probably the biggest active military force in the western world – the US Sixth Fleet.

LETTERS

'A concern about citizenship'

From Mr Maurice Stonefrost.

Sir, Joe Rogaly's critique of the report of the Commission on Citizenship (September 12) is curious.

He does not inform readers of the substantive issues and the recommendations of the report. More puzzling, he does not criticise any of the main aspects of the report.

The Commission was established to look at ways in which citizens can participate fully and effectively in society. In brief, the report warns against the low level of concern about citizenship issues at a time of significant changes in the status and entitlements of individuals; argues that citizenship is a gift of history which can be lost by indifference and neglect, and calls for a strengthening of participating arrangements.

The report is based upon the civil, political and social elements of citizenship, which as far as we could judge, matches the British people's perception of it.

We identified five serious impediments to the exercise of citizenship within the present day public arrangements in Britain:

- Lack of knowledge.
- Legal confusion.
- Obstacles to public office.
- Complexity of social legislation.
- Lack of clarity about entitlements, duties and the obligations of public institutions.

The recommendations on learning to be a citizen, the administration of justice, the relationship between public services and the voluntary sector, opportunities for volunteering, Parliament, and citizenship and the public and private sector enterprise are based on a realistic and practical analysis. None of them are of the apple-tart-and-cream, pie-in-the-sky genre.

The Commission's specific proposals for review include:

- A major programme for teaching citizenship in schools, and encouraging activities among young people.
- A review and a codification of the law relating to the legal rights, duties and entitlements of the citizen in the UK.
- A review of the public services on a sector by sector basis with the aim of establishing the boundaries between the responsibilities of the public services and that which voluntary organisations could undertake.
- Training for those in public positions of responsibility and authority in the entitlements of citizens and the obligations of public institutions.
- The establishment of an independent public body, for example, a Standing Royal Commission, to document, research and publish materials related to citizenship.

Joe Rogaly criticises the Commission for not proposing an unspecified set of radical constitutional reforms as a foundation stone both for true pride of citizenship and whose rule governs all.

Leaving aside the fact that constitutional reforms were not part of our terms of reference, the Commission's report is squarely centred on promoting concern and participation of individuals in citizenship issues.

The Commission's position is that the scale and nature of the concern and participation of individuals in citizenship is the true foundation stone of citizenship.

Joe Rogaly and the Commission have one over-riding common concern: a concern about the state of citizenship. The Commission's report is an opportunity to promote a wider public debate on citizenship than has taken place so far.

Maurice Stonefrost,
chairman, Commission on Citizenship,
237 Pentonville Road, N1

The authority of the UN is important

From Mr Geyve Walker.

Sir, Mr William Waldegrave, Minister of State at the Foreign Office, says that ending the Iraqi occupation of Kuwait is a higher priority than maintaining international consensus, and that Britain would only seek UN approval of military action against Iraq if there were absolutely clear indications that the Security Council would not veto it (FT report, September 10).

Such an alarmingly short-term view fatally undermines the authority of the UN.

The moral case against Saddam Hussein of Iraq is that it is wrong for one country to use superior military force to impose its will on another. Restoring the legitimate (but far from democratic) government of Kuwait would be a hollow victory if this were achieved by the overwhelming power of the US, but without the international support Mr Waldegrave seems to regard as a mere "optional extra."

Geyve Walker,
The Old Vicarage,
Barton,
Tirril,
Penrith, Cumbria

Cash for the Gulf

From Mr T. Cantwell.

Sir, Mr Harry L. Freeman's letter ("Cash would be the most useful contribution," September 11) criticising the Japanese for being slow in offering cash to support the US in the Gulf crisis is like the pot calling the kettle black.

I am sure that the US has made more profits from supplying weapons to the Middle East, thereby creating the problems, than the $300bn being spent in defending its interests.

It has been a nice little earner for the US, and continues to be so.

T. Cantwell,
11 Churchill Court,
94 Ashbourne Road, W5

Honours observed

From Mr J.D. Tunnicliffe.

Sir, Observer (September 4) is not quite correct in saying that the KBE (Knight of the British Empire) is the highest honour the Queen can award to a foreigner.

It is the highest honour usually awarded to a foreigner in a private capacity.

Heads of State have been made honorary KGs (Knight of the Garter). President Reagan of the US received the GCB (Grand Cross of the Bath). There have been numerous foreign holders of the OM (Order of Merit). All these take precedence over the KBE.

J.D. Tunnicliffe,
100 High Street,
Great Abington, Cambridge

Gremlins of misunderstanding bedevil inflation accounting

From Mr John Locke.

Sir, Professor Myddelton is quite right (Letters, September 6) in arguing for a system of inflation accounting based on constant purchasing power (CPP). The debate between this and current cost accounting (CCA) was bedevilled by a common misunderstanding demonstrated by Mr David Damant (Letters, September 10).

Mr Damant suggests that the rise in the oil price demonstrates that adjusting oil stocks for general price inflation is incorrect. What this overlooks is that true inflation accounting is intended only to reflect the effect of general price inflation on the value of the shareholders' equity.

The opposite side of this coin is an equal and opposite adjustment to all the other items in the balance sheet.

The purpose of inflation accounting is not to reflect the present value of assets (and liabilities) arising from factors other than general price inflation: these can be dealt with by specific adjustments to each item, if that is considered desirable.

The misunderstanding is the idea that inflation accounting is about value. It is not. It is about cost, and the purpose of using a general price index is to reflect the cost of the balance sheet items in a unit that relates to the present.

It is true that different items in the balance sheet inflate at a different rate, and that a general price index is merely an average that is probably only correct for a small number of people. These are sometimes given as reasons for not having inflation accounting at all. However, it would be true even with zero general inflation.

The purpose of making CPP adjustments is, as stated, not to reflect the assumed actual value of assets and liabilities, but to prevent general price inflation from distorting the balance sheet.

John Locke,
101 High Kingsdown,
Bristol, Avon

FINANCIAL TIMES
Friday September 14 1990

Soviet explosion releases toxic gas

By David Fishlock, Science Editor

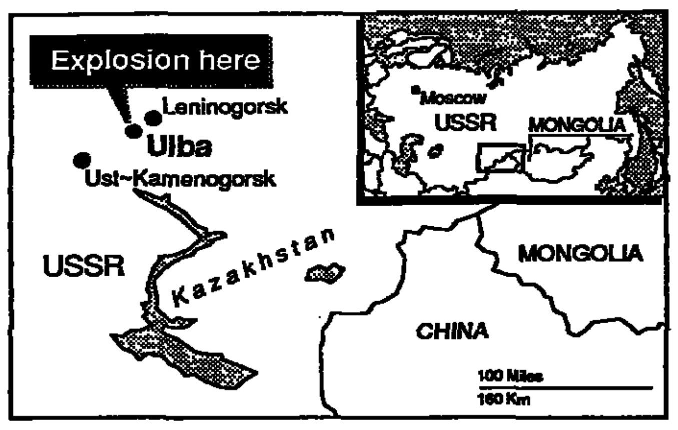
AN EXPLOSION at a Soviet nuclear fuel factory injured several people and released a cloud of toxic gas in a region close to the Soviet borders with China and Mongolia, according to a report by the Soviet news agency Tass yesterday.

The accident happened on Wednesday in the republic of Kazakhstan in Soviet Central Asia. No release of radioactivity was reported.

The explosion was in a workshop using beryllium, a very light metal which can catch fire easily and burn like a magnesium flash, vaporising and releasing a deadly white smoke of beryllium oxide. Because of its lightness it is easily airborne.

"There were no deaths, but several people were injured. No signs of poisoning have been found yet," Tass said.

Tass reported that preliminary tests had shown twice the permitted levels of beryllium in air and water samples.



After the Chernobyl nuclear reactor explosion in 1986, the Soviet Government undertook to report to the International Atomic Energy Agency in Vienna any release of radioactivity that threatened to cross a national boundary. Last night the agency said it had received no report of the accident.

The Ulba nuclear fuel factory at Ust-Kamenogorsk makes fuel for Soviet submarines, which use beryllium as non-radioactive shielding for the reactor's fuel elements.

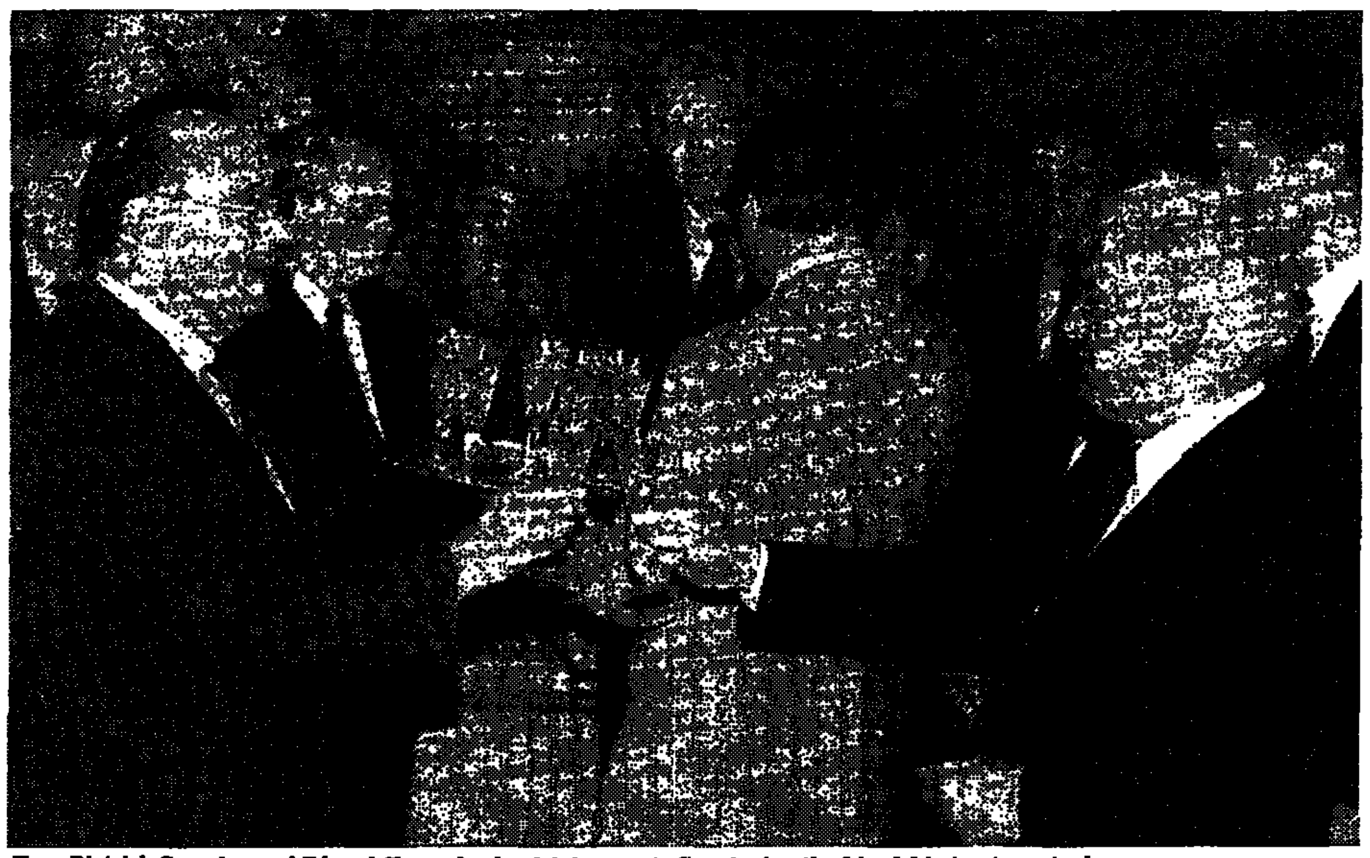
Ust-Kamenogorsk is in the Altai mountains about 105 miles south-east of Semipalatinsk, where the Soviet Union conducts its nuclear weapons tests. There is a huge public campaign in the area against the nuclear tests and there have not been any for some time.

Beryllium has some particularly attractive properties for nuclear scientists, but the toxicity of its compounds makes it extremely difficult to work.

Britain and France once had major development efforts to perfect a process for cladding nuclear fuel with beryllium, but abandoned them in the 1960s when the manufacturing problems became clear.

Beryllium is used chiefly as beryllium copper, one of the strongest non-ferrous alloys, but the pure metal finds uses in nuclear weapons and in nuclear fusion research.

An ordnance factory near Cardiff, in Wales, provides beryllium components to the UK's Defence Ministry.



Hans-Dietrich Genscher and Eduard Shevardnadze drink a toast after signing the friendship treaty yesterday

Moscow, Bonn sign co-operation treaty

By Quentin Peel in Moscow and David Goodhart in Bonn

THE Soviet Union and West Germany yesterday initialled a treaty on co-operation, underpinning the new relationship between the once bitter wartime and peacetime adversaries.

Conclusion of the 14-page treaty came in the wake of Wednesday's signing by the four wartime allies and the two Germanys of the treaty regulating all the external aspects of German unification.

The bilateral treaty states that neither side will launch an attack on the other, and promises consultation in times of crisis. It is also intended to provide the basis for far-reaching economic, industrial, scientific and technical co-operation.

The united Germany is set to capitalise on West Germany's existing position as the Soviet Union's leading western trade partner, using the knowledge and contacts of East German officials who have been deeply involved in Comecon trade relations.

Mr Theo Waigel, the Bonn Finance Minister, said yesterday that the Soviet Union would receive an interest free loan of DM3bn ($1.80bn) over four years to cover the cost of maintaining Soviet troops in East Germany. The loan will cost Germany DM1bn, bringing the total cost of the troop withdrawal package to DM13bn over four years.

President Mikhail Gorbachev revealed on Soviet television on Wednesday that Bonn had offered not only DM12bn to pay for the repatriation of Soviet troops, but an extra DM3bn in direct financial aid. He called the sums "quite acceptable."

Mr Waigel gave further details of that package, saying that DM7.8bn would be spent on building 36,000 houses in the Soviet Union, DM3bn would go to cover the cost of soldiers still in East Germany, DM1bn would be spent on transporting them back to the Soviet Union and DM200m would be earmarked for retraining.

The Finance Minister, under pressure from steadily rising estimates of the costs of unity, admitted that DM13bn was a large sum, but stressed that it was a reasonable price to pay for German sovereignty.

The Finance Ministry has refused to confirm reports that total new debt, for central and local government, in next year's first all-German budget will reach DM140bn.

Bonn is unlikely to receive much money back from acquiring the property left behind by the Soviet army. Any value will be offset by the costs of repairing the environmental damage that the Soviets are leaving. A Commission is being set up to place a value on both the property and the damage.

The text was also disclosed yesterday of a letter from Mr Hans-Dietrich Genscher, the West German Foreign Minister, and Mr Lothar de Maizière, the East German Premier, recognising the irreversibility of the transfer of German property to the Soviet Union in the immediate aftermath of the war.

It promised to protect Soviet-inspired war memorials in East Germany, and to take action to ban political parties which promote "national-socialist goals".

US-Soviet relations, Page 6

Dollar falls after easier money hint by Fed chairman

By Peter Riddell, US Editor, in Washington

THE DOLLAR fell sharply late yesterday after Mr Alan Greenspan, chairman of the Federal Reserve, said the US central bank might ease monetary policy if a credible budget deficit reduction deal was reached.

A budget agreement could come within days. The Fed has not changed monetary policy so far during the Gulf crisis amid conflicting pressures of slower growth and higher inflation.

Mr Greenspan said in testimony to Congress that to impress markets a budget agreement would need real deficit reduction measures, seen to be enforceable and extending over several years. If the markets believed those conditions were met, long-term interest rates would start to fall.

Should these conditions be fulfilled, he would assume that the Fed would act to accommodate such developments.

Asked about the severe problems in the property market, Mr Greenspan stressed the importance of lower long-term interest rates. "We ultimately hope to see lower long-term interest rates, and the most important thing that can be done for real estate at this stage is a budget agreement."

The immediate reaction in foreign exchange markets was a 1 pfennig drop in the dollar against the D-Mark, as well as general weakness against other leading currencies.

The budget talks between the administration and congressional leaders were yesterday in their seventh day at Andrews Air Force Base outside Washington. Mr Marlin Fitzwater, the White House spokesman, said the administration was "still optimistic" of an agreement in the next few days.

There remain problems about the administration's desire for a cut in capital gains tax and the Democrats' call for higher income taxes for the better-off.

Once an agreement is reached, President Bush will appeal for the budget to be rapidly enacted. However, interest groups have already been mobilising against leaked proposals such as higher Medicare health premiums for the better-off.

US backs increase in premiums

The Fed is, however, cautious about the dangers of too large an increase in premiums, and the American Bankers Association has warned of the danger of an overreaction by Congress worsening the position.

In congressional testimony yesterday, Mr Alan Greenspan, the Fed chairman, said there were "all too many problems in the banking system, problems that have been growing of late as many banks, including many larger banks, have been experiencing a deterioration in the quality of their loan portfolios, particularly real estate loans."

Mr Greenspan accepted that "some increase" in insurance premiums was necessary, but he warned that attempts to shore up the system with substantially higher premiums might end up making deposits so unattractive that banks were unable to compete.

He said that assessing insurance premiums on the foreign branch deposits of US banks "might be considered on the basis of both strengthening the insurance fund and fairness to smaller and regional banks."

The immediate question of raising premiums for the deposit insurance fund is separate from the question of the reform of banking regulations, which is likely to be tackled in legislation next year.

In his testimony, Mr Greenspan reiterated his call for higher capital requirements for banks and was cautious about any change in the $100,000 insurance limit. He accepted that it was administratively feasible, but not without costs, to establish controls on the number and value of insured accounts per individual.

THE LEX COLUMN

Time for dividend restraint

Corporate UK seems suddenly gripped by the desire to throw cash at its shareholders. P & O has raised its interim dividend by 8 per cent despite a fall of nearly a quarter in earnings per share. Rolls-Royce has raised its payment by 11 per cent despite a drop in earnings of two per cent. In the past week, companies as diverse as Cookson, Coats Viyella, John Laing, Costain, Bunzl, Sirdar and More O'Ferrall have held their payments despite falls in earnings ranging from a fifth to nearly two thirds.

If this is aimed at reassuring shareholders, it is not obviously successful. Coats Viyella, Bunzl and Cookson still yield between 11 and 12 per cent, the inference being that investors have no confidence in a maintained final. The average dividend cover for all the above companies has dropped from 3.4 to 2.2 in the past year. This is not in itself unsustainable, but is unsettling at this early stage of a recession.

Some of the blame for this irrational behaviour lies with the market itself. The mauling of BTR's share price this week, for instance, was partly due to its wholly sensible decision to raise its payment only in line with earnings. But at some point, pension funds and insurance companies must remind themselves that the basic value of equities lies in their dividend potential over the longest possible term. Assuming rights issues are not feasible in the present climate, it is in shareholders' interests for companies to earn a return on their cash rather than pay it out and then borrow it back from the bank at 15 per cent.

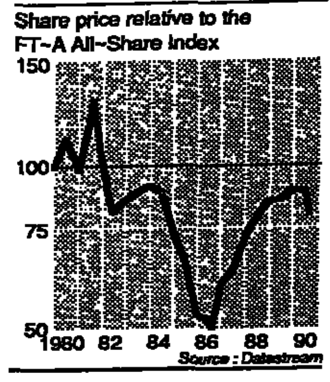
Part of the motive for keeping dividends payments up will be traditional fear of predators. But these have been back in their lairs for some time now. When the time comes for their return, it will take more than dividends to stop them.

RTZ

RTZ could be accused of sounding a trifle smug for a company which has just reported a near one third drop in interim operating profits to £358m. Admittedly, it prefers the world to focus on its net income, which is only 4 per cent down at £269m. But this says far more about the company's sophisticated tax planning and fancy financial footwork – net debt of £861m is costing less than 5 per cent per annum – than about the health of the group. Of its 11 businesses, only one – the new Neves Corvo mine – increased its profits; and RTZ's earnings are likely to be down this year and next.

RTZ

Share price relative to the FT-A All-Share index



Source: Datastream

However, the world according to RTZ differs markedly from that of BTR, with which it shares the same FT-A sector. The latter is a growth stock; RTZ has never pretended that it is anything but a cyclical mining play. It is a moot point, for example, whether RTZ has lost by the long closure of the giant Bougainville copper/gold mine in Papua New Guinea. Had it been producing, average copper prices might have fallen by more than the 15 per cent which knocked £35m off RTZ's net income. Since the first half, prices of copper and aluminium have jumped sharply; but this cannot last, as world metal consumption is softening.

RTZ's confidence is based on three factors. It has a strong balance sheet and low cost mines; and unless oil prices go haywire, it cannot expect a rerun of the 1980-82 world recession when its profits fell by a third. Although there is obvious weakness in areas like cars and construction, global capital investment remains surprisingly strong. Like BTR, RTZ is sitting on a prospective yield of 6 per cent. Unlike BTR, it has seen worse times before.

Willis/Corroon

With new anti-takeover statutes sprouting in state after state and the judiciary leaning towards incumbent managements, the pendulum in the US has swung a long way against unsolicited bidders. Whether it has swung far enough to save Willis Faber's planned merger with Corroon & Black is another matter.

Corroon's management can mount a case for ignoring Aon's rival offer of $40 per share. Though half of Aon's likely $260m net income this year is solid life insurance and Corroon is cash-rich, the debt level of a merged Aon/Corroon would be high. As for integrating their insurance broking units, the usual caveats about takeovers of people businesses apply: the good ol' boys at Nashville-based Corroon might not sit well with Aon's Chicagoans. And though NCC, Aon's London broker, is eager for business from Corroon, it could not supply the global connections Corroon wanted from Willis.

These are not conclusive grounds for Corroon's board to turn down $40 in cash in favour of one worth only $31 after yesterday's plunge in Willis shares. Corroon's position is not impregnable. It has big outside shareholders such as Southeastern Asset Management with 6 per cent; Corroon's board only owns 5 per cent of the common stock itself. As for Willis, its options seem painfully narrow, since its low market rating precludes a higher all-paper offer and a successful cash bid could be a Pyrrhic victory. But with its old US tie to Johnson & Higgins now gone, Willis cannot afford to lose the battle.

Rolls-Royce

At the end of 1989 Rolls had £203m of net cash burning a hole in its corporate pocket. Six months later the world's number three aero-engine maker was back in the red with a modest overdraft. Where can the cash have gone, given that at £100m per annum Rolls's capital budget is not exorbitant for a group this size? It was not entirely comforting yesterday to receive unquantified assurances from Rolls that the outflow was a minor irritant, a matter of delayed after-effects of last year's strike, aero-engine stock-building and routine tax and dividend bills.

The immediate effect was to cut net interest receivable from £9m in the first half of 1989 to £3m in the same period this year. That supplies sufficient explanation of the unexpectedly sluggish advance in taxable profits to £115m and yesterday's 9 per cent fall in the shares. More fundamentally, one of Rolls's chief attractions to investors, alongside its exposure to civil aviation, has been the rude health of its finances as a result of privatisation. If that weakens any more than temporarily, perhaps because of falling civil engine margins or high development costs for the new Trent engine, the investment case will diminish accordingly.

Congress angry at allies

Continued from Page 1

troops in what is now East Germany as part of the settlement on unification.

Critics latched on to German unwillingness to provide substantial material and financial assistance to Operation Desert Shield. A minority pointed out that the German contitution – like the Japanese – banned the deployment of military force outside the traditional European and Pacific theatre. Others warned against the dangers of turning US forces into mercenaries.

In Bonn yesterday, Mr Helmut Kohl, the West German Chancellor, admitted his Government's embarrassment at criticism of German policy towards the Gulf. He, like Mr Hans-Dietrich Genscher, the Foreign Minister, favours a change in the constitution explicitly to allow German participation in UN peacekeeping.

However, this will not come until several months after the all-German general election.

UK needs urgent action to arrest decline, says ICI deputy chief

By Simon Holberton in London

URGENT action to arrest Britain's relative industrial decline was called for yesterday by Mr Frank Whiteley, the deputy chairman of Imperial Chemical Industries, the multinational group.

His comments underlined the growing unease about the state of the economy felt by UK industry which is suffering the twin effects of high interest rates and the strong pound. Over the past few months the frequency of companies issuing profits warnings has climbed, as has the rate of company failures.

On October 5, bank base lending rates will have been at 15 per cent for a year – the longest period interest rates have remained unchanged since the late 1960s.

Mr Whiteley warned that the current level of both interest rates and inflation was producing a similar business environment to that which hit manufacturing industry particularly hard during the recession of the early 1980s.

Stressing that his comments reflected his personal views, he told a conference in London organised by Hay Management Consultants that ICI lost half its domestic customer base by number in 1980 and that the seeds for a repeat of this were being sown today.

In moving to reverse Britain's long-run decline, there were no "quick fixes." Important as the City of London and tourism were to the economy, those service activities were insufficient to maintain UK living standards.

Mr Whiteley listed four areas which needed attention:

- Education. Without a satisfactory level of education and training Britain would not be able to compete in the world. He did not think sufficient resources were being allocated to provide enough teachers or an adequate curriculum.
- Infrastructure. Manufacturing and service industries in a modern society needed a sound infrastructure, but Britain's was in need of much improvement.
- Financial markets. The City would have to throw off its short-term orientation if industry was going to be able to make the investment necessary for the country's long-term health. The volatility of the UK stock market over the past five years could not be reconciled with long-term development.
- Managerial performance. Competent management was a key enabling factor if the other three issues were to be resolved. Improving managers' skills was crucial.

Other issues, such as health and the state of the environment, were also important to society, Mr Whiteley said. But in each of the four areas which he had pinpointed, short-term thinking had overshadowed long-term thinking.

WORLDWIDE WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	26	79	Berlin	C	15	59	Caracas	C	29	84	Faro	S	23	75	Islamabad	F	33	93
Algiers	F	33	93	Biarritz	S	23	73	Casablanca	S	25	77	Florence	S	26	79	Istanbul	F	17	64
Amsterdam	C	17	63	Bombay	F	27	82	Chicago		–	–	Frankfurt	F	18	66	Jakarta	F	33	93
Athens	S	22	72	Bordeaux	S	26	79	Cologne	S	17	64	Geneva	S	17	64	Jersey	S	20	68
Bahrain	S	37	99	Boulogne	F	20	68	Copenhagen	F	17	64	Gibraltar	S	27	82	Johannesburg	S	22	73
Bangkok	C	31	88	Brussels	F	15	59	Corfu	S	23	75	Glasgow	S	17	63	Lima	F	18	65
Barcelona	S	26	79	Budapest	F	17	64	Dallas	S	22	72	Helsinki	R	7	48	Lisbon	F	22	73
Beirut		–	–	Buenos Aires	R	17	64	Dublin	C	16	61	Hong Kong	F	28	84	London	C	20	68
Belfast	S	16	61	Cairo	S	35	95	Dubrovnik	S	21	70	Innsbruck	S	17	63	Los Angeles	S	20	68
Belgrade	C	12	55	Cape Town	S	17	63	Edinburgh	S	18	66	Inverness	C	15	59	Luxembourg	S	16	61

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
Madeira	F	25	77	Milan	S	21	70	Nicosia	S	27	81	Salzburg	S	17	64	Tenerife	F	25	77
Madrid	F	25	77	Montreal	C	17	63	Oporto	F	22	72	San Francisco	S	13	57	Tokyo	T	27	81
Majorca	F	30	86	Moscow	C	11	52	Oslo	F	17	63	Seoul	F	26	79	Toronto	S	16	61
Malaga	S	29	84	Munich	S	17	64	Paris	S	22	73	Singapore	C	30	86	Tunis	S	27	82
Malta	S	26	79	Nairobi	F	25	77	Peking	S	22	73	Stockholm	F	13	57	Valencia	F	27	81
Manchester	C	17	63	Naples	S	22	73	Prague	C	13	57	Strasbourg	S	20	68	Venice	F	22	73
Manila	F	32	90	Nassau	F	28	84	Reykjavik	R	7	45	Sydney	R	15	59	Vienna	S	17	63
Melbourne	C	11	52	New Delhi	S	32	90	Rhodes	S	23	73	Taipei	F	33	93	Warsaw	C	12	56
Mexico City	C	23	75	New York	C	22	73	Rio de Janeiro	F	33	93	Tangier	F	25	77	Washington	R	21	70
Miami	F	26	79	Nice	S	23	75	Rome	S	25	77	Tel Aviv	S	32	81	Zurich	S	16	61

Temperatures at midday yesterday C-Cloudy Dr-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sunny Sl-Sleet Sn-Snow T-Thunder

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INSIDE

Crisis in Gulf may leave Remy flat

The Gulf crisis has had an unwelcome effect on almost everything: oil, meat, stock markets and now, even cognac. Remy & Associés, the world's fourth largest champagne producer and worldwide distributor of Remy Martin cognac (logo left), yesterday took the prudent route of forecasting unchanged net profits for 1990/91, despite rising operating profits. Chairman Ralph Browning said the turbulence in currency markets could affect profits. Andrew Baxter reports. Page 22

Booming bond business

Rising world oil prices, combined with one-off issues such as the savings and loans rescue in the US and the cost of German unification, are contributing to the deterioration of public sector finances in the world's industrialised nations. As already sluggish economic growth is dampened and government tax revenues depressed, an expected result is a worldwide increase in the issue of government bonds. Simon London reports. Page 26

Closing in on Enimont

Raul Gardini (left) was yesterday an important step closer to securing undisputed control of Enimont, Italy's public/private chemicals joint venture. A late night meeting earlier this week has satisfied the conditions for a buy-out of one partner by the other according to procedures laid down by the Government. John Wyles reports on the latest moves in the battle between ENI, the state energy company, and Gardini's Montedison. Page 22

Sad tidings from UK builders

Little cheer from UK construction and house-building group, John Laing: "This year has been tough but next year is unlikely to be any easier." Pre-tax profits plunged by almost two-thirds during the six months to the end of June. Costain results were little better. Pre-tax profits the during the first six months fell by almost 38 per cent. Page 27

Sweden tunes in to advertising

Commercials are coming to Sweden. Tomorrow sees the launch of the country's first commercial satellite station and on Sunday, an expected and long overdue decision from the ruling Social Democrats will accept the introduction of advertising on terrestrial television. These moves mark the latest breach in Sweden's crumbling resistance to commercial TV, seen by many as a threat to cultural values. Page 24

Market Statistics

Companies in this section

Chief price changes yesterday

FRANKFURT (DM)

Rises			
DLW	645	+	7
Hapag Lloyd	380	+	5
Falls			
BMW	482	−	5
KHD	200	−	4
PWA	248	−	7
Rheinmetall	336	−	7

NEW YORK ($)

Falls			
Aon	31 7/8	−	1 1/8
Corroon & Blk	36 5/8	−	7/8
Digital Equip	59 3/8	−	2 1/2
Fleet-Norstar	13 1/2	−	5/8
Manu Hanover	25 3/4	−	1 1/8
US Air	17 1/8	−	5/8

New York prices at 12.30

PARIS (FFr)

Rises			
Gaumont	952	+	27
Falls			
Accor	725	−	50
Cetelem	379	−	11
Ecco	359	−	6
Interbail	420	−	15
Poliet	464	−	21

TOKYO (Yen)

Rises			
Ishii Prec	1950	+	190
Japan Battery	899	+	99
Meiji Machine	628	+	53
Mitsubishi St	1340	+	200
Riken Vinyl	910	+	85
Toagosei Chem	705	+	100

LONDON (Pence)

Rises			
AB Elec	208	+	4
BTR	325	+	7
Brit Aero	569	+	6
Coats Viyella	99	+	8
Matthews (B)	81	+	6
More O'Ferrall	199	+	12
Refuge	623	+	15
Reuters	865	+	15
Thorn EMI	612	+	9
Whitegate Leis	13	+	3 1/2
Falls			
ECC	335	−	14
GKN	329	−	13
Halls Homes	45	−	5
Laing (J)	210	−	38
Rolls Royce	180 1/2	−	17 1/2
Rothmans	695	−	20
Tarmac	209	−	14
THF	231	−	10
Warburg (SG)	338	−	12
Willis Faber	210	−	21

Willis to press Corroon bid

By Nickie Tait in New York and Richard Lapper in London

WILLIS FABER, the London-based insurance and reinsurance broker, is to press ahead with plans to merge with the US insurance broker, Corroon & Black, despite a lucrative counter-bid by the US insurance holding company, Aon Corporation.

Growing indications that Corroon's board is not enthusiastic about the $40-a-share bid from Aon could reinforce the decision by Willis not to increase its own offer of $33.49 a share, originally agreed in June.

According to the Peter Stevens, head of corporate affairs at Willis Faber: "We are not going to change the terms of the offer. At the moment we still have a merger and we still have a deal."

Willis Faber insists that the merger with Corroon, in which the London broker would have a 60:40 majority, "offers long-term strategic advantages and is in the best interests of the shareholders of both companies."

Mr Stevens noted that Aon chairman Pat Ryan had made it clear in a letter to Corroon, which provided the first details of the counterbid, that his company would make its offer only if this were not opposed by the board of Corroon & Black. "The initiative lies with them. It is up to them to react. The ball is firmly in their court," he added.

Willis's capacity to revise its present offer, which shareholders are still to approve on September 28, is limited, analysts believe. A new issue by Willis to Corroon shareholders would reduce the value of earnings and "dilute" Willis' shares further, according to insurance analyst Chris Pountain, of investment bank Morgan Stanley.

Analysts believe that based on the current share prices, Willis would have to raise about £120m ($222m) if it were to supplement its existing paper offer with cash. Willis has access to these sums, especially bearing in mind the disposal late last year of its share in the merchant bank, Morgan Grenfell. But by using these resources to top up its existing bid for Corroon, the broker would jeopardise plans to expand elsewhere.

In New York, meanwhile, Corroon & Black was attempting to assemble its board yesterday, but said that no date had been fixed for a meeting.

The broker has yet to make any formal response to the Aon approach, but both Corroon board and management were thought to be enthusiastic about the merger with Willis. Some New York analysts suggest that the broker would prefer Willis as a potential partner.

"The deal they carved had been done mutually. You can argue that it was done at the expense of shareholders, which may or may not be the case. But Aon and Corroon have very different cultures," suggested Joan Zief, an analyst with Merrill Lynch. "I can't see Dick Miller (the chairman of Corroon) wanting to work for Pat Ryan," added another analyst.

Corroon's attitude is particularly important because about 30 per cent of the brokers' shares are held by employees, including middle management and senior executives, as well as some people who have sold their businesses to Corroon. One analyst pointed out that for some of these shareholders, a paper offer could have advantages over an all-cash bid which would trigger a capital gains tax charge. This could be a factor leading shareholders to favour the Willis offer.

Meanwhile, Standard & Poors, the US credit agency, yesterday said it had placed Aon's debt and commercial paper ratings on creditwatch with "negative implications".

If Aon was successful in acquiring Corroon, S&P said it believed Aon's financial leverage could be pushed above 40 per cent. This would imply greater demands on "subsidiaries to upstream dividends necessary to service debt interest."

Lex, Page 20

Roger Elliott, head of Willis Faber: long-term advantages

Barclays to enter German credit card market

By Katharine Campbell in Frankfurt

BARCLAYS, Britain's biggest bank and the largest issuer of credit cards in Europe, is entering the jealously guarded but growing German credit card market via a joint venture with Hertie, the big West German retailer.

Hertie established its card service 20 years ago. It will now be able to offer its 450,000 cardholders an expanded and more sophisticated service through CFS Card Finanz Systeme, a small Hamburg-based company in which Barclays bought a majority share last summer.

Among other things, Hertie's Goldene Kundenkarte (gold customer card) will be upgraded from a charge to a credit card. The Kundenkarte is already contributing some 8 per cent to the store's turnover; its charge card turnover in 1989 reached DM414m ($260m).

The immediate attraction for Barclays is the Hertie network through which it plans to offer personal loans and other financial products.

Hertie already has nine Finanz Service Centres among its nationwide chain of 62 department stores.

The West German credit card market is remarkably underdeveloped.

Ordina, Frankfurt-based consultants specialising in payments systems, estimated that the big four groups – American Express, Diners Club, Visa and Eurocard – had only 3.7m cards in circulation in a country of more than 60m people at the end of 1989.

Eurocard, the charge card promoted by the powerful nucleus of German banks, has struggled to make an impression on customers loyal to the Eurocheque system which is also the province of the domestic banks.

Barclays, meanwhile, has 12m cards in circulation in the UK alone, the vast proportion of those with Visa.

In Germany, on the other hand, Visa is struggling to break the hold of domestic banks. Industry observers believe Barclays' latest move may be in preparation for a full-scale assault on this area.

The UK bank's ambitious move comes at a time when Barclays is putting Germany at the forefront of its European strategy. It is the only UK bank poised to enter the East German market.

Barclays Bank is expected to open an office in East Berlin next month.

BZW, the investment banking arm, is also coming to Frankfurt when it has obtained a license from the Berlin regulators.

Finally, Barclays' name has been mentioned as a possible suitor for BFG, the ailing ex-trade union bank, in which the insurers, Aachener & Münchener, own a majority stake.

RTZ blames 4% fall in first-half net profit on lower metal prices

By Andrew Bolger, in London

RTZ CORPORATION, the world's largest mining group, blamed lower metal prices for a 4 per cent drop in its net profits to £269m ($144m) in the six months to June 30.

Sir Derek Birkin, chief executive, took a cautious view of the economic uncertainty caused by the Gulf crisis but said demand for metals remained strong and prices seemed to be "pretty robust."

He said that if copper and aluminium prices had not dipped in the first half of the year, profits would have outstripped last year's record levels by 15 per cent.

Turnover was 19 per cent down at £2.66bn. Of the £620m drop, £441m related to businesses sold in the second half of last year. The revenue of continuing businesses fell by 6 per cent, reflecting mainly lower base metal prices.

Earnings per share were 14 per cent lower at 27.3p due to the large number of shares in issue following the £486m rights issue in July last year.

RTZ's related industrial activities contributed £24m to net earnings, a reduction of 17 per cent. The weakness of the North American and UK construction, automobile, and consumer durable industries affected RTZ Pillar's building products, engineering and distribution business. In the past 18 months, 3,000 jobs had gone, 15 per cent of Pillar's workforce.

Sir Alistair Frame, chairman, said: "RTZ, like other companies operating widely in the global market place, is not immune from the influences of the more rigorous and uncertain economic circumstances that prevail and which could well intensify.

"These problems are compounded by developments in the Middle East which have been reflected in rising oil prices, a fall in the US dollar and the recent strength of sterling.

"RTZ remains the leader in its sector and is in good shape to cope with these pressures. In planning for the long term, we continue to make new investments in world-class projects. Our strong, diverse asset base and sound balance sheet will also enable us to seize opportunities as they occur within our defined operating base."

The interim dividend rose from 5p to 6p. However, Sir Derek said the 20 per cent increase should not be taken as an indication for the year as a whole.

The board wished to improve the balance between the interim and final dividends, with the aim of getting it closer to a one-third to two-thirds split.

Lex, Page 20

Pirelli to consider Continental link

By Haig Simonian in Milan

THE BOARD of Pirelli, the leading Italian tyres and cables group, is to meet later today to consider some form of closer link with Continental, the big West German tyres group.

Bringing together Continental and Pirelli, the world's fourth and fifth biggest tyre manufacturers respectively, would create an entity with sales of about $7bn a year.

It would also mark probably the last big stage of an industry restructuring which has already seen more than 85 per cent of world sales fall into the hands of six large producers.

It remains unclear whether the type of transaction being considered is an acquisition of Continental by Pirelli or some looser form of co-operation.

A representative of Continental in Hanover said the company was not aware of any approach from the Italian group, and declined to comment further. A Pirelli official said: "We don't comment on this rumour."

Continental has annual sales of close to $4bn. Pirelli's tyre sales are about $3bn.

Even their combined sales, however, would not be sufficient to demote any of the top three groups in the industry.

Groupe Michelin of France is the world leader, with annual tyre sales of just under $10bn as a result of its acquisition in April of Uniroyal-Goodrich of the US. Goodyear Tire & Rubber of the US is second, with sales of about $8.3bn, just ahead of Bridgestone of Japan, with sales of about $8bn.

Bankers have suggested that Pirelli, which split off its tyres activities last year into the separately quoted Pirelli Tyre Holdings (PTH) subsidiary, would have trouble financing the purchase of a company of Continental's size. PTH has a market capitalisation of about $1.25bn against DM2.35bn ($1.5bn) for Continental.

As a result, it has been suggested the two companies may be considering the possibility of some form of share swap, with the exchange of stakes of 5-10 per cent.

An alliance, of whatever nature, would make sense in view of the depressed state of the world tyre industry.

Earlier this month, Continental announced a 29 per cent drop in its first-half, pre-tax profits to DM100.5m. PTH's first-half net earnings, released days later, revealed a 61 per cent plunge to Fl 40m ($22.4m).

Rolls-Royce shares slip 17p after 'disappointing' pre-tax profit rise

By Paul Betts, Aerospace Correspondent, in London

ROLLS-ROYCE, the UK aero-engine group, yesterday reported a 14 per cent increase in first-half, pre-tax profits to £115m ($61.6m) from £101m in the first half of last year.

The performance disappointed London analysts who had been looking for interim pre-tax profits of between £120m and £125m. Rolls-Royce shares closed 17p lower at 181p.

Lord Tombs, the chairman, said earnings growth had been dampened by the after effects of strikes at the end of last year and higher net research and development spending.

Sir Ralph Robins, the deputy chairman, estimated that the seven-week engineering strike last year coupled with the indirect effects of the strike at Boeing, the US aircraft maker, cost Rolls-Royce between £10m and £15m in the first half of this year.

Disruption caused by the strike seriously affected the company's cash flow reflected in a reduction in net interest receivable from £9m to £3m.

Sir Ralph said production delays should be fully recovered by the end of this year.

Net research and development spending increased to £86m from £74m in the first half last year, and Lord Tombs said it was expected to be somewhat higher in the second half of this year as the company's large Trent commercial engine programme gathered momentum.

Lord Tombs said the company was continuing to gain market share and orders stood at a record level of more than £6bn. Prospects in the commercial aero-engine market remained bouyant but on the military engine side they were less encouraging, he added.

Rolls-Royce yesterday confirmed it was rationalising its military engine operations based at Bristol involving the reduction of between 7 and 10 per cent of the military engine workforce. However, Sir Ralph said the restructuring affecting between 600 and 800 people was not expected to involve any compulsory redundancies.

Although the company was rationalising its military operations in the face of recent Ministry of Defence procurement cuts, including the cancellation of a batch of 33 Tornado aircraft, Sir Ralph said Rolls-Royce had started to step up production at Bristol to provide engine spares for aircraft in the Gulf.

The results also included a full half-year period for Northern Engineering Industries (NEI) compared with only seven weeks following the merger of the two companies last year. NEI's pre-tax profits totalled £18.5m compared with £18.3m for the first half last year.

Rolls-Royce's turnover rose 41 per cent in the first half to £1.59bn (£1.12bn). Aero-engines sales, accounting for 62 per cent of total turnover, rose by 16 per cent to £983m.

However, Aero-engine profits before interest charges dipped to £68m in the first half from £70m in the same period last year.

Overall operating profit rose by 19 per cent to £198m from £166m. Earnings per share amounted to 9.9p (10.1p), and the company is increasing the interim dividend to 2.55p (2.3p).

UB may shut frozen food plants

By Clay Harris in London

UNITED BISCUITS (Holdings), the biscuits and snacks group, may close half of the 18 factories operated by Ross Young's, its frozen foods subsidiary which yesterday reported a 31 per cent fall in first-half trading profits.

Ross Young's is the UK's second largest frozen foods company, after Bird's Eye, which is owned by Unilever. It has 10,000 employees.

Its first-half result restrained UB, which also makes KP snacks and McVitie's biscuits in the UK and Keebler cookies in the US, to a 10 per cent increase to £83m ($153.5m) in pre-tax profits.

UB will be studying all aspects of the frozen foods operation, according to Mr Eric Nicoli, who becomes chief executive on January 1. The main thrust, however, will be to use capacity more efficiently and flexibly, and this is likely to mean dramatic factory closures in the next few years.

The immediate difficulty at Ross Young's was a jump in fish costs in the first quarter, which it was not able to recoup through higher prices. Trading margins recovered in the second quarter, but interim profits still fell.

In the longer term, UB wants to achieve the same margin increases in frozen foods that it did in biscuits by investing in efficient production capacity and closing older factories.

UB is also likely to sell its wholesaling operation, Ross Young's Food Services. Other frozen distributors are reluctant to carry Ross Young's products because part of its business competes with them. Mr Nicoli said any sale would not include Alveston Kitchens, a manufacturer supplying directly to caterers.

Results, Page 28

INTERNATIONAL COMPANIES AND FINANCE

Gardini closer to control of Enimont

By John Wyles in Rome

MR Raul Gardini, president of Italy's Ferruzzi group, was yesterday *an important step closer* to securing undisputed control of Enimont, the public and private chemicals joint venture, for which he has battled all year with ENI, the state energy company.

After agreeing at a late night meeting on Wednesday with Mr Gabriele Cagliari, the ENI president, and Mr Franco Piga, the Minister for State Shareholdings, that there was no basis on which they could stay together in Enimont, the conditions were then satisfied for a buy-out of one partner by the *other according* to procedures laid down by the Government.

Once it has received official authorisation – probably some *time next week* – ENI has 15 days in which to fix a price for its 40 per cent of Enimont. Montedison, the Italian chemicals partner in Enimont that is controlled by Ferruzzi, then has 15 days to decide whether to buy or sell its 40 per cent to ENI for the same price.

Since the method by which the price will be fixed still remains a mystery, there are *grounds for wondering* whether ENI's price may be politically determined to encourage Mr Gardini to sell out.

The Government has said it is ready to face full privatisation of Enimont and Mr Piga has promised "transparency" in the *pricing process*, but ministers have not required ENI to commission an independent valuation. An ENI representative was unable to confirm reports that Goldman Sachs had been hired to provide technical assistance on the pricing.

A Gardini sell-out to ENI would be more popular across the Italian political spectrum than leaving him in control of *35 per cent of the Italian chemicals* industry. Trade union representatives were yesterday voicing fears about possible plant closures and a gradual rundown of the industry if Montedison were to take over.

Mr Piga has said that the ultimate full owner of Enimont must maintain control of the company in Italian hands, apply the business plan originally agreed between ENI and Montedison, and adhere to government policy guidelines for developing Italian chemicals.

These conditions apparently present no problems for Montedision, but if the Government were to issue next week tougher guidelines for Enimont's future, then Montedison would expect these to be reflected in a lower price for the ENI stake. Otherwise, it will accuse the Government of favouring the ENI case for control of Enimont.

Legal & General hit by storm claim losses

By Richard Lapper in London

LEGAL & GENERAL, the UK life and general insurance company, yesterday reported a pre-tax profit of £41.5m ($76.8m) for the first six months of 1990, compared with £76m at the halfway stage last year.

The company announced a 13.5 per cent increase in the interim dividend to 5.9 pence per share.

The group's core life and pensions business performed strongly. Worldwide annual life premium income increased to £164.5m compared with *£153.9m in the first six months* of 1989.

International single life and pensions premium income rose to £282.4m compared with *£204.9m in the same period of* 1989. Profits on worldwide life and pensions business increased by more than 20 per cent from £51.1m in the first six months of 1989 to £62.7m this year.

Group chief executive Mr Joe Palmer said the increase in new individual life annual premiums – many of which are linked to mortgage endowment *policies – in the UK (from* £49.7m to £55.4m) was "creditable bearing in mind the current state of the house purchase market."

*Like other UK insurers, how*ever, Legal & General's general insurance business was hard hit by a combination of weather-related losses and competitive *market conditions.*

Losses from the January and *February* storms amounted to £38m after reinsurance recoveries.

Mr Palmer also highlighted increased losses from subsidence as one of the factors behind UK underwriting losses of *£31.2m*. He admitted that Legal & General would probably have to pay more for its *reinsurance protections next* year.

Although there would be no decisive moves for some time, pressure for any decisions *to increase rates would be* "crystallised" by reinsurers' demands, said Mr Brian Palmer, managing director, general insurance.

Legal & General registered £1m losses on its estate agency operations. These, however, pale beside those registered by its competitors. The company opted to form agency agreements with estate agencies *during the housing boom and only* began to buy outlets last year. It has now acquired 300 estate agents, 120 of these in the first six months of 1990.

According to Mr Palmer, Legal & General paid an average price of £164,000 for each estate agent outlet, about a third of the going price three years ago.

Legal and General was prepared to continue with "its opportunism" in this area, said Mr Palmer.

Crisis in the Gulf may leave Rémy flat

By Andrew Baxter

THE GULF crisis is likely to cause a hiccup in progress at *Rémy* & Associés, the world's fourth largest champagne producer and worldwide distributor of Rémy Martin cognac, Mr Ralph Browning, chairman, said *in London yesterday*.

After a 43 per cent rise to FFr158m ($30m) in net profits for the year ended March 31, Rémy & Associés now believes it would be prudent to forecast unchanged net profits for 1990/91, *although operating* profits are likely to continue rising.

Mr Browning, who was appointed chairman of Rémy *& Associés last month*, said the Gulf crisis was causing uncertainty about consumers' intentions, particularly in the US, but the main problem for Rémy was the current turbulence in the currency markets. *About 20 per cent of the company's* sales were in dollars, and 11 per cent in yen, and 84 per cent of 1989-90 sales of FFr4.3bn were outside France.

However, *looking beyond* the Gulf crisis, Mr Browning said he thought the company would very quickly recover its strength, and was well-placed to take advantage of the worldwide trend towards high-quality drinks. *Ninety per cent* of the company's sales were in products of VSOP quality and above.

Also, despite recent acquisi*tions, including Piper Heid*sieck champagne, Rémy & Associés could accommodate distribution of more third-party brands without making further investments in its distribution network.

Rémy & Associés was formed in 1987 and went public in 1988. The shares are listed in Paris and Frankfurt, but Mr Browning said the timing was not right to carry out listings elsewhere.

Although Rémy & Associés distributes Rémy Martin, the brand is owned by the cognac distiller Rémy Martin. In April Grand Metropolitan, the UK drinks and foods group, said it was reducing its 49 per cent stake in Rémy Martin to 20 per cent, and Mr Browning said agreement on this would be reached in a few weeks.

Portugal to launch tough rules for private banks

By Patrick Blum in Lisbon

PORTUGAL is introducing tough rules for the establishment of private banks, or the expansion of existing private *financial institutions, in an* effort to ensure the long-term survival and future competitiveness of its troubled state-owned banking sector.

Mr Miguel Beleza, Portugal's Finance Minister, said yesterday *that the private sector* would have to contribute financially to bring the whole of the country's banking system into a more healthy situa*tion*.

Under the new rules, all private banks, both domestic and foreign, wishing to establish operations in Portugal or expand existing networks, will be required to buy some of the *long-standing bad debts of the* state-owned banks.

The price for these non-performing loans, whose real worth will be based on their possible repayment value, will be negot*iated between* the buyer and the selling bank after an official evaluation of the debt by Finangest, a state financial institution established *specifically for this pur*pose.

By buying these assets and paying a premium over the estimated value of these loans, *private banks will score* credits enabling them to set up or expand their operations in proportion to the premiums paid. The new rules also apply to *non-bank* financial institutions.

Mr *Beleza yesterday* described the measure as "an exceptional instrument of intervention," made necessary by the forthcoming liberalisa*tion of the financial* sector after 1992 and by the accumulated severe inequalities that have developed within Portugal's banking system, notably between the *private* and state sectors.

The measure, he said, was needed to "ensure the survival with a minimum viability, of *the nationalised banks*."

The bulk of Portugal's financial sector was nationalised in *1975*, but the state-owned institutions have suffered from repeated government *interfer*ence and from being compelled to make loans on political *rather* than commercial grounds.

The result *is that* all state-owned banks carry a substantial and crippling volume of non-performing loans.

In contrast, private banks – *which have* been allowed to operate again since liberalisation of the banking system began in the mid-1980s – have easily outpaced in performance and *earnings* the state banks, further endangering the latter's long-term prospects.

CanPac plans share buy-back

By Bernard Simon in Toronto

CANADIAN Pacific is taking advantage of a recent slide in its share price to spend up to C$570m (US$491m) on buying back common shares.

The diversified Canadian transport and resources group said yesterday that it planned to buy back up to 31.5m ordinary shares, equal to 9.9 per cent of the total outstanding, on the grounds that "their pur*chase may be an attractive* and appropriate use for corporate funds in light of potential benefits to remaining shareholders."

Purchases will be made on the open market.

CanPac's share price on the Toronto Stock Exchange immediately jumped by 75 cents yesterday to C$18.75, which is still a substantial discount to the company's estimated C$25-a-share book value. The shares have traded as high as C$28.63 in the past year.

Mr Greg Liddy, analyst at BBN James Capel in Toronto, said that even buying all 31.5m shares would not impose an undue strain on CanPac's balance sheet.

Describing the decision as "the single smartest thing for *them to do at the moment*," Mr Liddy said the purchases would have the added advantage of underpinning the share price in a weak market.

CanPac's *shareholders* have suffered several setbacks in recent months, notably the withdrawal of a plan to distribute shares in its real estate *subsidiary, Marathon Realty*.

CanPac's first-half income tumbled by 34 per cent, due largely to tough conditions in the forest products business.

Lombardfin suspended from trading

CONSOB, the *Italian bourse* watchdog, has suspended troubled investment firm Commissionaria Lombardfin from operating on the stock market, *Reuter reports*.

Consob's statement did not indicate the length of the suspension. Lombardfin, which had bought stocks heavily on margin *this summer*, was caught out by the sharp fall in the market that began before the *Gulf crisis* erupted on August 2.

Lombardfin's financial difficulties depressed the bourse last month because operators feared the dealer *would* have to sell large blocks of stock to meet its settlement obligations.

There have been reports in Italy that Lombardfin is seeking a foreign partner to help recapitalise the company.

Mr Paolo Mario Leati, Lombardfin's managing director, was found guilty of insider trading in the US in 1986.

In May 1988 the US Supreme Court let stand the lower court ruling that Mr Leati and another Italian violated insider trading laws and must give up nearly $3m in *illegal* profits arising from a takeover bid for St Joe Minerals in 1981.

Delta Dairy extends offer

DELTA DAIRY, the largest *food company in Greece, is* extending a public offering of its shares to counteract the effects of strike action currently affecting Greek industry, *including* the banks, Reuter reports.

The closing date, originally set for today, will now be extended by as many days as *proves necessary*, Delta said.

The offer consists of the issue of 2.86m shares, including a public offering of 2.40m, *to raise 14.3bn drachma ($92m)* to finance expansion over the next five years.

COMPANY NEWS IN BRIEF

GAZ DE FRANCE, the French state gas monopoly, has filed a *formal* application with East Germany's Treuhandanstalt – the trust body that owns most of the country's industry and is charged with privatising it – *to buy a minority stake in the* gas distribution monopoly Verbundnetz Gas, AP-DJ reports.

Gaz de France said the move fit into the group's drive to *build up critical mass in the fast-growing* international market for natural gas.

■ Ferruzzi Group said it filed *suit in Chicago Federal Court* to block a Chicago Board of Trade disciplinary hearing on Monday, due to consider serious charges against Ferruzzi *arising from its trading activi*ties in the July 1989 soyabean contract, Reuter reports.

Ferruzzi, a unit of Ferruzzi Finanziaria, said it was seek*ing a preliminary injunction* on the grounds that the CBOT had prejudged the company and had a financial stake in finding it at fault.

■ Mitsubishi Bank, a leading Japanese city bank, yesterday said it had no plans to sell stock in Bank of California to *meet its international capital* ratio requirements, Reuter reports from New York.

Mitsubishi Bank's north American headquarters, *responding to reports this* week, said it had no such plans for its San Francisco unit, now or in the future.

■ *Nissho Iwai, a leading* Japanese trading house, has acquired a little more than 12 per cent in Mountain Computer of Campbell, California, AP-DJ *reports from Tokyo*.

Nissho Iwai said it had bought 1.6m Mountain shares for Y1.4bn from Nakamichi, the Japanese car audio equip*ment maker, which previously* owned 100 per cent of Mountain.

INTERNATIONAL COMPANIES AND FINANCE

Amgold in rights issue to finance new mine projects

By Philip Gawith in Johannesburg

AMGOLD, the holding company for the gold interests of the Anglo American group, yesterday announced a R500m ($192m) rights issue, part of the proceeds of which will go towards developing a new shaft at the Vaal Reefs mine.

The rights issue was unveiled at the same time as an announcement that the Minister for Mineral and Energy Affairs had granted mining leases over the Moab area – some 2,149 hectares beside Vaal Reefs.

The Moab area will be mined as an extension to the Vaal Reefs lease area. Interests in this area are held principally by Anglo American and its associates.

Amgold's directors say they will use the new capital "to take advantage of attractive investment opportunities under consideration."

These include the Moab project, estimated by analysts to have an after-tax cost of R1.3bn to R1.4bn; the South Deep project (linked to Johannesburg Consolidated Investment's Western Areas mine); and potential interests in the Potch Gap area and the Free State gold fields.

Part of the capital will also be used to repay Amgold's short-term borrowings.

Mr Julian Ogilvie Thompson, chairman of Anglo American, said that, following the minister's decision, Anglo and its associates would proceed with the development of a new shaft. For technical reasons this will be in the Vaal Reefs South lease area and will exploit a portion of the South Area reserves.

During 1989, Vaal Reefs, the country's second largest mine and a favourite of overseas investors, yielded 75.4 tons of gold bullion. There are nine operational shaft systems and a tenth is being built.

Analysts agree that the Moab project might not be such good news for Amgold shareholders as for the beleaguered industry.

The project has a long lead time and will be expensive, geologically complex and risky. It will also provide replacement tonnage, for ageing ore bodies rather than increase overall tonnage.

The No 9 shaft has not been as successful as hoped, and analysts believe the Moab shaft may go the way of other new mines and not meet yield forecasts in the short term.

Safren sales rise 9% but difficult year expected

By Philip Gawith

SAFREN, the leisure and shipping group which is parent company to Safmarine, Rennies and Kersaf, lifted turnover and profit in the year to June, but growth was much slower than in the previous year.

Turnover rose 9 per cent to R4bn ($1.5bn) from R3.66bn in 1989, and operating profit was 14.3 per cent higher at R735m. Safmarine generated the most profit, contributing R112.5m to total attributable earnings of R259.1m, but the 15.8 per cent growth was behind that of Kersaf and Rennies.

Kersaf, in which Safren has a 76 per cent stake, increased its contribution to profit by 21.6 per cent from R87.5m to R106.4m. Rennies, in which Safren has a 75 per cent interest, lifted its contribution by 31 per cent from R26.6m to R34.8m.

Mr Buddie Hawton, chief executive, expects conditions in the coming financial year to be difficult, with a recessionary economy and rising wage costs. Rennies' performance will be adversely affected by a stronger rand and a decline in imports.

Earnings per share, before extraordinary items, rose 18.5 per cent to 487 cents, while the dividend was 16.7 per cent higher at 210 cents per share.

Anglovaal up strongly despite poor conditions

By Philip Gawith

ANGLOVAAL Industries (AVI), the Anglovaal group's industrial investment and management company, boosted turnover and earnings in the year to June in spite of adverse trading conditions, especially in the second half of the year.

Turnover increased by 42 per cent from R4.58bn to R6.49bn ($2.5bn), while pre-tax profit was 22 per cent higher at R587.2m.

Earnings per share, however, were only 12 per cent up at 733 cents against 657 cents as a result of the share issue relating to the group's restructuring in June 1989.

The dividend was increased by 12 per cent from 120 cents per share to 135 cents per share.

AVI comprises five business sectors: construction and electronics; dry food and beverage; frozen food; packaging; and diversified businesses.

All sectors contributed to profits, with the only disappointment coming in the frozen food area, where Irvin & Johnson failed to sustain a long record of earnings growth. Turnover was 15 per cent up, but low chicken prices and depressed international seafood prices contributed to narrower margins.

The packaging and rubber company Consol achieved 48 per cent growth in earnings. Although the weak economy suppressed packaging sales volumes, this division reported a moderate increase in turnover and a satisfactory profit improvement.

During the year, Consol acquired Tycon (formerly The Goodyear Tire and Rubber Company), and this investment was combined with Tredcor, South Africa's largest retreader and retail distributor of tyres. Consol now holds an effective 61 per cent of the combined businesses.

Good progress was reported with the construction and electronics operations. Grinaker Construction achieved record earnings on the back of buoyant building activity, while the electronic interests, grouped under Grintek, all performed well.

US purchase confirms ABB Robotics' world strategy

By Robert Taylor in Stockholm and Nikki Tait in New York

ASEA Brown Boveri Robotics' proposed acquisition of the robotic business of Cincinnati Milacron, the US machine tool maker and the last US maker of heavy robots, is the latest move in the Swedish-Swiss company's aggressive global strategy to remain the biggest robot manufacturer in the world.

Mr Stelio Demark, ABB Robotics business area manager, said yesterday that the acquisition, which was subject to US Government approval, was "a very important deal for us."

"Cincinnati Milacron was one of the world's first robot manufacturers with a long history of robot-based automation, especially in spot-welding for the automotive industry. We feel they will complement our organisation in a perfect way."

ABB Robotics will continue with Cincinnati Milacron's existing robot business, which includes its servicing and sales activities.

Cincinnati Milacron, the biggest US machine tools maker, has been struggling to regain its place in the industry in the face of Japanese encroachment.

After almost a decade of erratic profits performance, the company brought in a new chief executive, Mr Daniel Meyer, in April, effectively ending the leadership of the founding Geier family at the company.

The company has been engaged in extensive restructuring – reorganising the machine tool operations, for example, into "focus factories" which engineer and produce one product line – and making efforts to become far more price-competitive.

Announcing the sale of the robotics arm, Mr Meyer described it as "another step in our overall reorganisation strategy." The plan, he said, was to concentrate the company's activities on the core businesses of products for metalworking and plastics processing.

The Swedish-based company, which is a small part of ABB, does not share the apparent scepticism among many US manufacturers about the widespread use of robots in production systems. On the contrary, Mr Demark believes ABB Robotics has a promising future, especially in Asia.

Since May 1989 the company has sold and distributed its products through a co-operation agreement with Matsushita Electrical Industrial (MEI), the electronics giant. A similar arrangement has been made with the Samsung group in South Korea.

Mr Demark hopes to expand further in Taiwan and other Asian countries through co-operation deals with companies in those highly competitive markets. "Asia promises to be our most important area for sales expansion," he says.

ABB Robotics also hopes to extend its sales into eastern Europe, particularly Czechoslovakia and the Soviet Union. Its growth in western Europe, where it already holds some 30 per cent of the robotics market, is also expected to continue.

ABB Robotics is in the middle of a three-year, $100m investment programme designed to improve capacity and technical resources in robot manufacture, with the aim of increasing its competitive strength in the European Community's internal market.

Sew Hoy family blames trade policy for collapse

By Terry Hall in Wellington

THE DRASTIC restructuring of New Zealand's textile industry under the Government's open-door import policy is claimed to have led to an unexpected casualty: the business of the Sew Hoy family of Dunedin, a Chinese family counted among leading figures in the country's commerce.

Yesterday a meeting of the company's creditors was told that it was NZ$10.6m (US$6.6m) short of meeting its debts. Assets were put at NZ$7.4m. Secured creditors were owed NZ$8.5m and unsecured creditors a further NZ$9.6m. The official assignee said prospects of recovery were not good.

The company said it had failed because of the changes in government policy. It had been difficult to lay off staff without incurring substantial redundancy payments, and the company had over-estimated its sales targets at a time of low consumer confidence.

The final disaster was a harbour workers' strike which had delayed materials. When they arrived, the orders were cancelled because of late delivery.

The Sew Hoy family migrated to Otago in the 1861 gold rush and made its fortune supplying cloth and food to thousands of Chinese and European miners.

Earlier this year, the company was the second biggest employer in Dunedin, with a staff of 700.

Many clothing companies are collapsing. Critics claim that this is due to government policies that discourage exports and encourage imports from low-wage countries in Asia and the Pacific Rim.

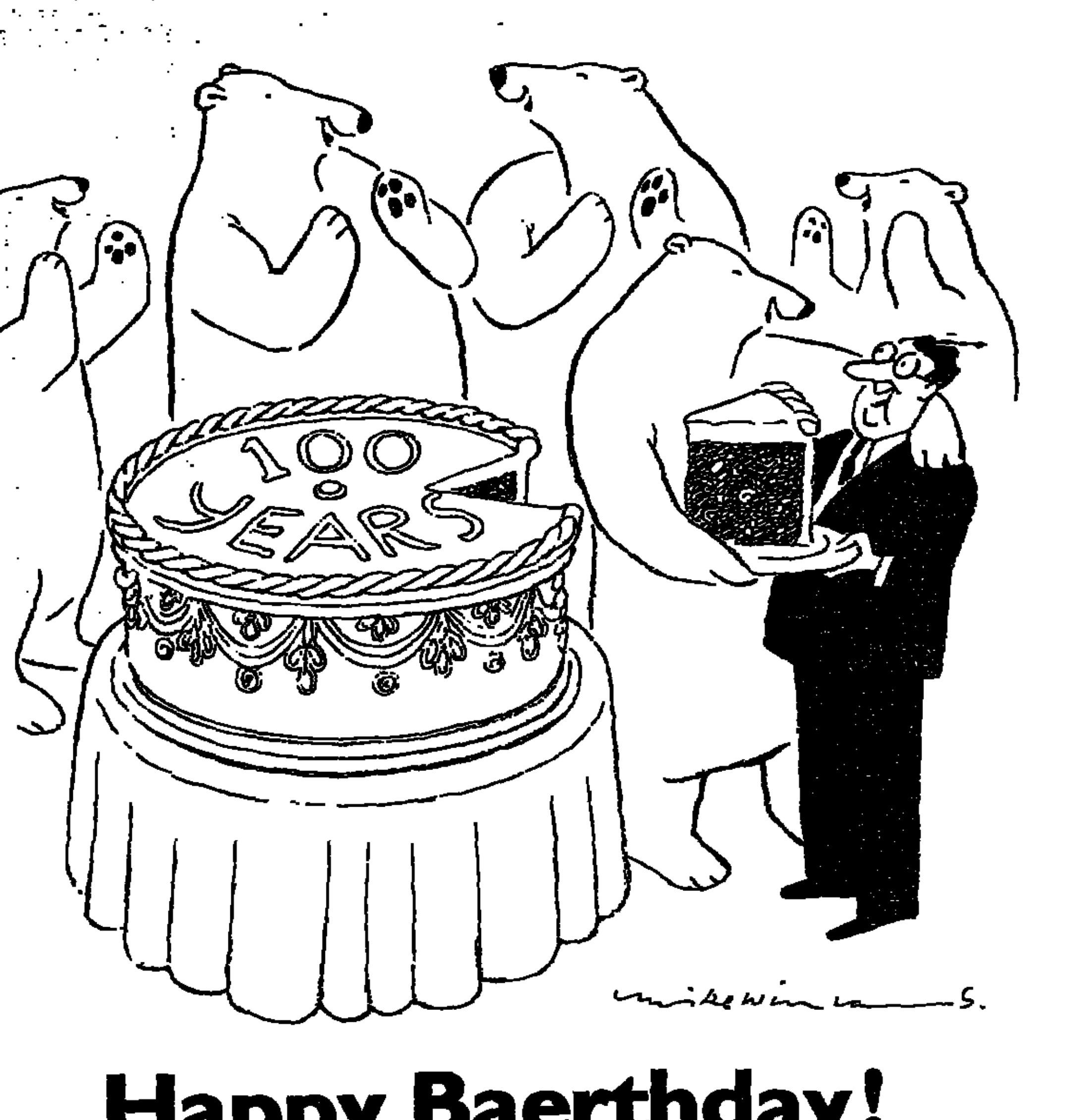
Canada rejects union plan for De Havilland

THE Canadian Federal Government has turned down a plan by the Canadian Auto Workers (CAW) union to return effective control of De Havilland Canada to domestic hands, writes Robert Gibbens in Montreal.

Boeing, which bought the company from the Federal Government in 1986, wants to sell it to Aerospatiale of France and Aeritalia of Italy, builder of a competing line of commuter aircraft.

The CAW asked the Federal Government to become directly involved in a deal with the European consortium to ensure that control would remain in Canada and that De Havilland's workforce would be guaranteed jobs.

The union fears that the company will halt assembly of complete aircraft and become solely a parts supplier.



INTERNATIONAL COMPANIES AND FINANCE

Commercial TV gets in the picture

Robert Taylor looks at the launch of Sweden's new satellite channel

Tomorrow evening just before 7.00 pm, TV4 Nordisk, Sweden's first homegrown satellite commercial television channel, goes on the air.

This will be followed on Sunday by a long-overdue decision from the ruling Social Democrats at their triennial congress to accept the introduction of advertising into the country's existing terrestrial network.

The launch of TV4 is the latest breach in Sweden's crumbling resistance to commercial television, which has been accelerated over the past two years by the breakthrough of cable and satellite broadcasting in the Nordic region.

To many Swedes the protracted resistance to the arrival of commercial television was a reflection of the determination of the Social Democrats to resist a change which they felt was a threat to public service broadcasting and Swedish cultural values.

"It has always been a political question," admits Mr Gunnar Bergvall, one of the co-founders of TV4. "Opposition to commercialism in television enjoyed a symbolic value in Sweden."

The ownership structure of his company shows how far attitudes have changed across Swedish society.

A third of the company is owned by the powerful Wallenberg family investment companies, Providentia and Investor, which have guaranteed to underwrite the enterprise. "This amounts almost to a good housekeeping stamp of approval," says Mr Bergvall.

It took some intensive promotion by Mr Bergvall and his broadcasting colleague Mr Ingemar Leijonborg, with their original idea of TV4, to find the necessary business backing, but the enthusiasm of Mr Per Lundberg, chief executive of Providentia, was crucial to the launch of the company, particularly when the Swedish investment company Proventus dropped its initial interest in the idea.

The Wallenberg interest has been joined in the venture by LRF, the influential agricultural co-operative pressure group, and SPP, the white-collar workers pension fund, which each own a quarter.

The remaining 17 per cent stake in TV4 belongs to Natur and Kultur, the publishers. Their total investment in TV4 is between SKr500m and SKr800m (US$138m).

The Swedish Government may not yet have swallowed the prospect of commercial television, but it has given the go-head for TV4 to be transmitted via the wholly Swedish state-owned Tele X satellite.

It will also be beamed to Norwegian audiences through the Intelsat VF12 satellite.

"At least the Swedish Government does not seem to have anything against us," says Mr Bergvall. Initially the new channel will be able to reach 1.4m Swedish households, about 40 per cent of the total in Sweden. It will broadcast about 30 hours a week until Christmas, when it will increase to 40 hours. Commercials will be broadcast for six minutes in every hour, between programmes. Any further growth in transmission time must rest with how successful the company is in raising advertising revenue.

With the Swedish economy in a gloomy condition this may pose difficulties, but Mr Bergvall points out that estimates suggest there will be a potential advertising market for television in Sweden of from SKr3.5bn to SKr4bn within five years.

Some observers reckon TV4 could pose a threat to the two channels of the publicly-owned and non-commercial Swedish Television. More realistically, the company hopes to capture 15 per cent of primetime viewers and 30 per cent of the total market share.

TV4 is modelled on the Channel 4 structure in Britain. Mr Bergvall and Mr Leijonborg have spent some time in London examining how Channel 4 works.

Their slimline enterprise will be responsible for broadcasting an output derived from Swedish independent production companies. "We were worried at first that there would not be enough around to supply the programmes, but so far we have made production contracts with around 70 independents," says Mr Bergvall.

TV4 arrives in a busy competitive marketplace. Thanks to the cable and satellite revolution of the past three years, many Swedish households have access to as many as 25 channels with more than 200 viewing hours available every day and night. However, most of them are not broadcasting in the Nordic languages. The company hopes to capture 15 per cent of primetime viewers and 30 per cent of the total market share

His company hopes initially that 60 per cent of the programmes it broadcasts will be Swedish-made, which he believes will be an advantage in the fierce battle for ratings with both state-owned Swedish Television and the competing satellite commercial channels that reach Swedish households at the moment.

Mr Bergvall stresses that TV4 is not a channel aimed at minorities but at a mass audience. This has already brought accusations from some high-minded Swedish commentators that the channel will trivialise in the search for large viewing figures.

But Mr Bergvall says the company intends to encourage Swedish drama.

It will also give a priority to news coverage – with links to CNN, VisNews and WTN.

TV4 arrives in a busy competitive marketplace. Thanks to the cable and satellite revolution of the past three years, many Swedish households have access to as many as 25 channels with more than 200 viewing hours available every day and night. However, most of them are not broadcasting in the Nordic languages.

Mr Bergvall acknowledges that his company will not pose a direct danger to TV3 – owned by the London-based Scansat company, part of the Kinnevik group and controlled by the dynamic financier Mr Jan Stenbeck – which started broadcasting in January 1988.

TV3 is able to reach 1.2m Swedish households as well as about 1.4m households in Denmark and Norway, and is watched by an estimated 19 per cent of households in an average week.

It broadcasts a wide range of internationally produced family entertainment programmes, mainly from Britain and the US, over the Astra satellite, with Nordic language subtitles. Last year Mr Stenbeck added a pay TV channel, TV1000, to his entertainment empire.

There is also the Nordic channel whose main owner is Mr Matts Carlgren, the present chairman of MoDo, the Swedish forestry group. The company has invested SKr90m in the venture, which began in June 1989 and can reach by cable an estimated 800,000 households with a diet of mainly old Swedish movies.

The publicly-traded Marieberg group, part of the Bonnier family media empire, has recently entered the pay TV channel business through SF Succe in co-operation with Warner Brothers. The Bonniers are also close to a deal with Warner Brothers and the French Canal +, Europe's biggest TV pay channel, to acquire loss-making FilmNet.

But all this flurry of business activity around Sweden's television industry is expected to grow even more intense after Sunday's Social Democrat vote gives the green light to commercialism.

Mr Bergvall at TV4 makes it quite clear that the company is keen to win any franchise that becomes available, while Mr Stenbeck can also be expected to throw his hat into the ring. The staid Lord Reith-like world of Swedish television is about to vanish.

Coles Myer earnings fall for first time in 40 years

By Bruce Jacques in Sydney

COLES MYER, Australia's biggest retailing group, has mirrored the country's economic malaise by recording its first annual fall in earnings in 40 years.

The company's net earnings dipped 7 per cent to A$365.1m (US$299m) from A$392.4m, revealing a marked deterioration in margins on sales which grew 5 per cent to A$14.7bn from A$14.0bn.

Profit per sales dollar was down from 4.23 cents to 3.66 cents, but the company's chairman and chief executive, Mr Brian Quinn, said that trading profits had shown an improving trend in the second half.

"We believe that the deteriorating profit trend has been controlled," he said.

"Although substantial sales increases will be difficult to achieve in the short term, action is being taken to improve profit levels.

"The company is continuing to invest substantial sums in new store construction, refurbishment of older units and installation of new technology."

Mr Quinn said strong competition in most markets had badly affected the company, but that New Zealand operations had performed better than those in Australia.

"Directors believe that there is scope for considerable expansion in New Zealand in the future," he said.

Mr Quinn said the company remained in a strong financial position and was raising annual dividend from 36.5 cents to 37 cents a share despite the downturn.

The result excluded an extraordinary loss of A$30.4m – compared with A$66.6m previously – mainly from the merger of department store operations with the Grace Bros subsidiary.

But the result included profits of A$21.1m, against A$25.9m, on asset sales.

The company's net interest bill grew to A$192.8m from A$161m and the result was after tax of A$190.5m compared with A$217.8m.

Depreciation took A$221.1m against A$192.2m.

Wesgo falls to loss of A$65.5m

By Bruce Jacques

WESGO, Australia's largest radio network owner, has fallen to a loss of A$65.5m (US$53.6m) for the year to June after a big write-off in the value of its radio licences.

The loss, which compares with a A$2.86m profit previously, was despite an 11 per cent increase to A$11.6m in gross profit from the group's core radio operations. But A$57.5m was written off the value of radio licences.

Rumours were strong last night that Northern Star Holdings, which controls one of Australia's three main commercial television networks, Channel Ten, was facing action from its main bankers over financial difficulties.

Three banks – Westpac, the Commonwealth and Citibank – are owed a total of A$455m by Northern Star, which has already announced a rolling over of interest payments running at about A$70m a year.

Change of focus brings Mair Astley back to profit

By Terry Hall in Wellington

MANAGEMENT changes and a return to concentrating on wool, leather and venison helped Mair Astley, New Zealand's biggest exporter of primary products, achieve a NZ$12m (US$4m) turnaround to profits in the year to June 30.

The company yesterday reported after-tax profits of NZ$5.38m, compared with a loss last year of NZ$7m, on lower revenues of NZ$590m against $651m.

Extraordinary items were NZ$321,000, compared with last year's NZ$10.6m while tax was NZ$2.5m against NZ$2.2m.

Sir Colin Wright, chairman, said profitability should at least continue to be maintained. The company's strategy was to return to its strengths in agricultural, commodity trading and processing. This switch, under Mr Barney Sundstrum, the new chief executive, had improved the generation of cash flow and balance sheet ratios during the year.

The company's leather operations earned pre-tax profits of NZ$7.7m, including NZ$1m from surplus property sales. Earnings from venison and fish were NZ$3.6m, while the wool subsidiary earned NZ$1m, despite a depressed wool market.

However, Maircom, its Australian wool subsidiary, posted a NZ$1.7m loss due to decreasing Australian wool prices and the former management method. The Christchurch Carpet Yarn subsidiary lost NZ$1.2m.

The company suffered severely from exchange rate fluctuations in previous years. It is to pay a final dividend of 2.5 cents per share, making 5 cents for the year.

INTERNATIONAL CAPITAL MARKETS

EBRD to tap capital markets next March

By Tracy Corrigan

THE European Bank for Reconstruction and Development, established to support eastern Europe's economic regeneration, will start to tap the international capital markets as early as March 1991.

A bond issue will be launched on the back of the bank's official opening next spring, by which time two thirds of its members will have paid in capital.

Little financing will be needed in the first year, and the funding programme for the first two or three years is likely to be less than $500m each year.

The bank stands to receive $3bn in paid-in capital over the next five years.

Mr Clare Marshall, treasurer of Canada's Export Development Corporation, who has been seconded to the bank for six months as an adviser, is responsible for setting up the bank's treasury operation. A permanent treasurer will then be appointed.

For the next six months Mr Marshall will visiting eastern Europe's banks and ministries to draw up funding strategies compatible with the needs of the bank's eastern European borrowers.

Broadly, the policy will be to look for the cheapest funds available, and to create scarcity value for the bonds.

The bank, which is expected to gain a triple-A credit rating, hopes to be able to borrow close to the levels achieved by the World Bank.

As well as accessing the bond markets, the EBRD will also look at short- and medium-term funding.

Mr Marshall will be hiring a 15-strong team to staff the operation, which will manage the bank's liquid assets.

A terminal and a personal computer hooked up to EDC's offices in Ottawa will allow him to combine his job at the EBRD with his role as EDC's treasurer.

Mr Marshall will thus continue to oversee EDC's $500m to $600m borrowing programme this year, and his 21-strong team there will be on call to help him with his new job.

Treasuries rally modestly on Greenspan's comments

By Simon London in London and Janet Bush in New York

US Treasury bonds rallied modestly on statements by Mr Alan Greenspan, chairman of the Federal Reserve, suggesting the central bank may ease policy once a deficit cutting package is agreed.

At midsession, short-dated maturities were quoted around ⅛ point higher and the Treasury's benchmark long bond stood ¼ point up for a yield of 8.91 per cent.

Mr Greenspan told the Senate Banking Committee that a recession in the US and/or more weakness in real estate would put further pressure on the Federal Deposit Insurance Corp.

He added that the bank was likely to ease once a deficit reduction pact was signed which the financial markets perceived to be credible.

The dollar slumped to DM1.5750 at midsession from an earlier high of DM1.5960 and to Y137 from Y138.60 earlier.

There was no sign of a change in policy yesterday with the Fed responding to a need to add substantial reserves to the banking system through four-day and seven-day repurchase agreements.

Budget negotiations were continuing in Congress and word yesterday was that no agreement was likely until the weekend. Today sees the publication of August producer prices figures. These are expected to show a large energy-related jump.

In terms of the timing of any easing, it seems unlikely that the Fed would ease on a day when inflation showed a large gain, particularly if there is no budget accord.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		13.500	09/92	101-24	+01/32	12.50	12.44	12.73
		9.000	03/00	84-16	+02/32	11.75	11.77	11.85
		9.000	10/08	83-24	+08/32	11.10	11.13	11.29
US TREASURY *		8.750	08/00	99-20	+01/32	8.81	8.85	8.69
		8.750	08/20	98-02	+03/32	8.94	8.98	8.82
JAPAN	No 119	4.800	6/99	81.9830	-0.267	8.36	8.23	7.89
	No 130	6.700	06/00	92.9209	+0.052	7.99	7.80	7.54
GERMANY		8.500	08/00	96.9500	+0.100	8.98	8.98	8.86
FRANCE	BTAN	9.000	11/95	95.1645	-0.035	10.23	10.40	10.12
	OAT	8.500	03/00	89.1000	+0.100	10.33	10.42	10.05
CANADA *		10.500	07/00	98.4500	+0.050	10.75	10.76	10.63
NETHERLANDS		9.000	07/00	99.2100	-0.050	9.12	9.08	8.97
AUSTRALIA		13.000	07/00	97.4827	-0.211	13.46	13.54	13.57

London closing. *denotes New York morning session
Yields: Local market standard Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

GOVERNMENT BONDS

■THE UK Government bond market reacted coolly to August unemployment data and July average earnings figures, though both suggested an improving outlook for UK headline inflation ahead of retail price index data to be announced today.

The benchmark 11¾ per cent 2003/2007 gilt regained some of Wednesday's losses to close up 5/32 of a point at 100⅜ for a yield of 11.69 per cent.

However, analysts suggested that the rise in unemployment by 22,300 to 1.65m last month could represent a watershed in the eradication of inflationary pressures from the economy.

Also encouraging were figures for M0, or narrow money, which showed an annual rate of growth at 4.7 per cent down from 4.9 per cent last week and 5 per cent the week before.

Expectations are for a 10.2 or 10.3 per cent year-on-year RPI, used as a measure of inflation.

■INFLATION fears were fuelled overnight in Tokyo by a statement from Bank of Japan Govenor Mr Yasushi Mieno that price pressures within the domestic economy were increasing.

The benchmark No 119 issue closed the day on a yield of 8.38 per cent from 8.26 per cent at the start of trading.

Volume remained light as retail investors steered clear of the market and analysts expect more downward pressure ahead of the close of the six month trading account on September 20th.

The key December futures contract followed the cash market and closed at 88.40 having opened at 88.64.

■GERMAN government bonds moved ahead slightly after Wednesday's jitters over the Gulf crisis with the 8¾ per cent 10-year bund closing on a yield of 8.97 per cent, against 8.99 per cent yesterday.

On the futures market volume was a low 18,000 contracts with the December bund contract closing at 81.46 from an opening of 81.40.

■THE Bank of England offer of conversion from 10½ per cent 2005 Exchequer stock into 9½ per cent 2005 conversion stock received 98 per cent acceptances.

As a result, the 9½ per cent 2005 conversion issue has increased from £1.881bn to £2.992bn.

Globex launch postponed until 1991

THE launch of Globex, the electronic trading system for financial futures, has been postponed until the first quarter of 1991. The Chicago Mercantile Exchange (CME), the Chicago Board of Trade (CBOT) and Reuters, which is developing the system, said that testing of Globex was taking longer than expected.

Globex, originally designed for just the CME, is being modified to incorporate greater volume and more products following the decision last May by the CBOT to join up with the CME and Reuters.

Before the CBOT's decision, it was planned to launch Globex last June. But even then, working out the bugs in the system was to have postponed the launch until at least September.

Once the CBOT joined, November was said to be a possible starting date.

The two exchanges and Reuters are still in negotiations on a three-way contract. Officials at both exchanges say talks are going well.

Allianz sets stage for move into banking

By Haig Simonian in San Felice

ALLIANZ, Europe's biggest insurance group, may be on the verge of extending its activities into banking services in what would be a substantial move beyond its core insurance business.

In a shift of emphasis, Mr Wolfgang Schieren, Allianz's chief executive, said that RAS Bank, the small Italian bank being set up by Riunione Adriatica di Sicurta (RAS), Allianz's Italian subsidiary, would do more than support RAS's established domestic fund management business.

Among services identified by Mr Schieren as targets were participation in initial public offerings, equity underwriting and in-house banking services for the RAS group.

Such a move, especially if it were to be transferred to the German market, would represent a shift of policy by Allianz, which has regularly denied plans to develop banking services.

Speaking at a RAS estate in Tuscany, Mr Schieren denied that RAS Bank was a "guinea pig" outside Germany being used by Allianz to develop products for the home market.

However, he left open the possibility of various developments. Having established RAS Bank, "who knows what else one might want to play on this keyboard," he said.

The most obvious development indicated by Mr Schieren was the establishment of fund management activities in Germany, using the experience gained by RAS, one of Italy's biggest fund managers.

"We are very interested in this," he said.

Allianz could also consider the direct sale of RAS funds in the German market, which would take it into direct competition with the banking sector.

"We don't exclude the possibility that, after our experience in managing our own money, we might want to start managing other people's too," he said.

However, he did not exclude the possibility that Allianz could in time offer investment banking services. "I don't want to rule out that this could be institutionalised one day," he said.

However, he made clear that creating a broad-scale retail banking business, possibly via Allianz's near-25 per cent stake in Bayerische Hypotheken- und Wechsel Bank, one of Germany's biggest banks, remained taboo.

FT/AIBD INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 6:10 pm on September 13

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABBEY NATIONAL 8 7/8 93	150	99¼	99⅝	−⅛	9.18
ALBERTA PROVINCE 9 3/8 95	600	100¾	101⅛	−⅛	9.14
AUSTRIA 8 1/2 00	400	93⅝	94		9.54
BANK OF TOKYO 8 3/8 96	100	95¼	95⅝		9.52
BELGIUM 9 1/8 92	400	100¾	101¼		8.63
BFCE 7 3/4 97	150	92⅛	92½		9.35
BMP 8 5/8 94	300	98⅞	99¼	+⅛	8.97
BP CAPITAL 9 5/8 93	150	101¾	102¼	+⅛	8.96
CANADA 9 96	1000	100⅛	100⅜		8.95
CARCO 9 1/4 96	650	99	99¼	+⅛	9.47
CCCE 9 1/4 95	300	100⅝	101		9.05
COUNCIL EUROPE 8 96	100	94⅛	94½	+⅛	9.27
CREDIT FONCIER 9 1/2 99	300	99⅝	100		9.53
DENMARK 0 98	250	48½	49	−⅛	9.60
DENMARK 8 1/4 94	150	97⅜	97¾		9.07
ECSC 8 1/4 96	193	95⅛	95½		9.30
EEC 7 1/4 93	250	96⅞	97¼		8.67
EIB 7 3/4 96	250	93⅝	94	+⅛	9.20
EIB 10 97	250	103	103⅜		9.35
ELEC DE FRANCE 9 98	200	98¼	98⅝		9.32
EUROFIMA 9 1/4 96	100	100	101	+⅛	9.23
EXPORT DEV CORP 9 1/2 98	150	100¼	100⅝		9.44
FINLAND 7 7/8 97	200	91¾	92¼	−½	9.65
FINNISH EXPORT 9 3/8 95	200	100⅝	101⅛		9.21
FORD MOTOR CREDIT 9 1/2 93	300	100¾	101¼	+⅛	9.20
GEN ELEC CAPITAL 9 3/8 96	300	100⅛	100⅝		9.33
GMAC 9 1/8 96	200	98¾	99¼	+⅛	9.40
HALIFAX 9 1/2 93	200	101⅛	101⅜	+⅛	8.99
IBM WORLD TRADE 7 5/8 93	150	96⅛	96⅞	+⅛	9.06
IND BK JAPAN FIN 7 7/8 97	200	91¾	92¼		9.60
INTER AMER DEV 7 5/8 96	200	92⅛	92½		9.34
ITALY 8 1/2 94	1500	98½	98⅝		8.94
JAPAN DEV BK 8 94	150	96⅞	97⅜		9.01
KANSAI ELEC PWR 10 96	350	102	102½	+⅛	9.49
LTCB 8 5/8 93	150	99¼	99⅝		8.99
NEW ZEALAND 8 93	100	97⅜	96¼		6.93
NIPPON CRED BK 9 3/4 93	150	101⅝	102⅛	+½	9.11
NIPPON TEL & TEL 9 3/8 95	200	101	101¼	+⅛	9.06
NORDIC INV BANK 9 93	200	100⅛	100⅜		8.72
OLYMPIA & YORK 8 1/4 96	435	87¼	89¼	−⅛	11.22
ONTARIO HYDRO 11 5/8 94	200	106⅝	107⅛	−⅛	9.31
OSTER KONTROLLBANK 8 1/8 93	200	98⅝	99		8.72
PRUDENTIAL RLTY SECS 0 99	365.216	45¾	46¼		9.83
QUEBEC HYDRO 9 3/4 98	150	100	100½		9.75
QUEBEC PROV 9 98	200	96½	97		9.65
SAINSBURY 9 1/8 96	150	98¾	99¼	+⅛	9.40
SAS 10 99	200	99⅝	100⅛	+⅛	10.05
SBAB 9 1/2 95	500	101¼	101⅝		9.17
STATE BK STH AUST 9 1/4 93	100	100⅝	101⅛	+⅛	9.02
SUMITOMO BK CAP MKT 9 3/8 93	150	100⅞	101⅜		9.02
SWEDEN 8 1/8 94	150	96⅝	97⅛	−⅛	9.20
SWEDISH EXPORT 9 5/8 93	100	101¾	102¼		8.75
TOKYO METROPOLIS 8 1/4 96	200	95	95⅜		9.54
WORLD BANK 8 3/8 99	1500	94⅞	95	+⅛	9.43
WORLD BANK 8 3/4 97	1500	98½	98⅝	+⅛	9.27
XEROX CORPN 8 3/8 96	100	92¾	94½		10.03

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ASIAN DEV BANK 8 94	200	97	97	+⅛	8.92
AUSTRIA 6 98	400	83⅛	83⅛	+⅛	9.13
CNT 6 1/8 98	200	82¼	82¼		9.24
CREDIT FONCIER 6 3/4 99	500	85⅝	85⅝	+⅛	9.24
DEUTSCHE BK FIN 5 5/8 96	750	84¾	84¾		9.13
EEC 5 3/8 93	300	92¼	92¼		9.23
EIB 6 1/8 96	300	86⅛	86⅛	−⅛	9.25
EIB 6 7/8 95	300	90⅛	90⅛	+⅛	9.19
EUROFIMA 6 1/4 98	400	83⅛	83⅛		9.24
FELDMUEHLE FINANCE 8 99	200	93⅛	93⅛		9.09
FERRO DEL STAT 5 3/8 95	500	92⅝	92⅝	+⅛	8.98
IND BK JAPAN FIN 5 5/8 96	200	84¼	84¼		9.34
INTER AMER DEV 7 1/4 99	300	88¼	88¼	−⅛	9.16
LUFTHANSA INT FIN 5 7/8 98	500	82¼	82¼	+⅛	9.21
QUEBEC HYDRO 6 3/4 99	300	85¼	85¼	−⅛	9.32
SWEDEN 6 1/8 98	300	83⅞	83⅞		9.18
WORLD BANK 0 15	2000	13⅝	13⅝		8.21
WORLD BANK 5 3/4 96	300	85⅞	85⅞	+⅛	9.11
WORLD BANK 7 1/8 95	500	93½	93½		8.98

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ASIAN DEV BANK 6 10	100	83	84½	−1	7.68
AUSTRIA 4 5/8 98	100	84½	85		7.41
COUNCIL EUROPE 4 3/4 98	250	84½	85		7.54
EEC 5 1/2 00	100	87½	89		7.27
EIB 5 3/4 93	100	95	95¼	−⅛	7.60
FINLAND 5 3/8 95	150	95½	96	−½	6.43
GENERAL MOTORS 7 1/2 95	100	101½	102	−½	7.10
JAPAN DEV BK 5 1/2 94	100	94	95½		7.54
MOUNT ISA FINANCE 5 3/4 94	100		88		9.79
NEW ZEALAND 4 7/8 99	200	82	82½		7.88
POLLY PECK INTL FIN 6 1/4 96	100	72	75	−2½	13.56
QUEBEC HYDRO 5 08	100	74½	76	−½	7.69
SKANDINAVISKA ENSK 6 1/2 95	100	96	97		7.60
WORLD BANK 6 1/4 92	100	98¼	98¾		7.17
WORLD BANK 7 1/4 92	100	100¼	100¾	−½	7.08

YEN STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
AUSTRIA 4 3/4 94	30000	89½	89⅞	−⅛	8.47
CANADA 4 3/8 92	80000	93⅝	93⅞	−⅛	8.35
CREDIT FONCIER 5 1/4 94	20000	88¾	89¼	−⅛	8.48
DENMARK 7 95	40000	95¼	95½	−⅛	8.32
EIB 4 5/8 94	40000	88⅝	88⅞	−⅛	8.36
GENERAL ELECTRIC 5 3/4 93	35000	93¾	94⅛	−⅛	8.49
INTER AMER DEV 7 1/4 00	30000	95¼	95⅝		7.98
ITALY 5 3/4 92	150000	96½	96¾	−⅛	8.40
KANSAI ELEC PWR 4 5/8 94	60000	88⅛	88½	−⅛	8.51
NIPPON TEL & TEL 5 7/8 96	50000	89⅞	90¼	−⅛	8.06
NORWAY 5 1/8 95	50000	88¼	88⅝	−⅛	8.31
SWEDEN 5 5/8 95	20000	89¼	89⅝	−⅛	8.32
WORLD BANK 6 3/4 00	50000	92⅛	92⅝	−⅛	7.95

OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
COUNCIL EUROPE 7 94 LFr	600	91¾	92⅝	−⅛	9.87
KREDIETCORP 7 93 LFr	1000	92¾	93⅝	−⅛	9.93
WORLD BANK 8 96 LFr	1000	92½	93¼	−⅛	9.72
AMRO BANK 6 1/4 95 Fl	150	94⅝	95¼	+⅛	9.42
RABOBANK 5 3/4 93 Fl	150	92⅛	92⅜		9.45
ALBERTA PROVINCE 10 92 C$	500	98⅛	98⅝	+⅛	11.14
BCE INC 9 5/8 93 C$	300	95½	96	+⅛	11.65
BELL CANADA 10 5/8 99 C$	150	93⅞	94⅜	+⅛	11.76
BRITISH COLUMBIA 9 1/4 93 C$	150	95⅜	95⅞	+⅛	11.44
EIB 10 1/8 98 C$	130	92⅜	92⅞	+⅛	11.68
FORD CREDIT CANADA 10 94 C$	100	94⅝	95⅛		11.78
GENERAL ELECT CAP 10 1/4 93 C$	175	97¼	97¾	+⅛	11.36
MONTREAL TRUSTCO 8 1/2 92 C$	100	94⅛	95⅛	+⅛	12.40
ONTARIO HYDRO 10 7/8 99 C$	500	95⅜	95⅞	+⅛	11.68
QUEBEC PROV 10 1/2 98 C$	200	93	93½	+⅛	11.86
ROYAL TRUSTCO 10 1/4 93 C$	100	95⅞	96½		12.07
SWEDEN 9 3/4 93 C$	250	96½	97		11.30
AUSTRIA 7 3/8 93 Ecu	125	92⅞	93⅜	+⅛	10.67
CNT 7 3/8 93 Ecu	250	92	93⅝	+⅛	10.82
CREDIT LYONNAIS 9 96 Ecu	125	95⅞	96⅞	+2⅛	9.97
DENMARK 7 5/8 96 Ecu	250	87⅞	88¼		10.61
EEC 7 5/8 94 Ecu	200	91⅞	92⅜		10.52
EIB 10 97 Ecu	1125	98	98⅛		10.42
ITALY 10 3/4 00 Ecu	1000	101⅛	101½	−⅛	10.49
SWEDEN 7 1/2 93 Ecu	250	91⅞	92⅜		10.68
BMW FINANCE 14 1/2 92 A$	100	100⅞	101⅜	+⅛	13.69
COUNCIL EUROPE 13 93 A$	50	99⅜	99⅞		13.21
EKSPORTFINANS 12 3/8 95 A$	75	97¼	97¾	+⅛	13.15
FORD CRED AUST 13 93 A$	50	97½	98		14.15
ICI 15 1/2 92 A$	100	101⅞	102¼		14.14
MCDONALDS CANADA 15 95 A$	100	102⅛	102⅞	+⅛	14.23
NAT AUSTRALIA BANK 14 3/4 94 A$	150	102	102½	+⅛	13.89
STATE BK NSW 14 1/4 99 A$	100	99½	99⅞	+⅛	14.34
VOLKSWAGEN INTL 15 94 A$	100	102⅞	103⅜	+⅛	13.89
ABBEY NATL TREAS 13 3/8 95 £	100	100	100⅝		13.31
BARCLAYS JERSEY 9 1/2 93 £	250	92	92⅝	+⅛	13.31
BRITISH GAS 12 3/4 95 £	150	99⅝	100		12.81
DEUTSCHE BK FIN 11 94 £	225	94⅞	95¼		12.97
EIB 10 97 £	300	87⅞	88⅜	+⅛	12.86
FORD CREDIT FUNDING 9 5/8 93 £	50	91⅛	91⅝		13.74
INTER AMER DEV 11 3/8 95 £	75	95⅛	95⅝	+⅛	12.70
ITALY 10 1/2 14 £	400	85¼	85⅝		12.44
LAND SECS 9 1/2 07 £	200	73¾	74¼	+⅛	13.52
LEEDS PERMANENT 9 1/4 93 £	50	90⅞	91⅛		13.56
NORWAY 10 1/2 94 £	200	93½	93⅞		12.91
ROLLS-ROYCE 9 5/8 93 £	150	90⅞	91⅛		13.78
SAINSBURY 10 7/8 93 £	100	94⅞	95⅛		13.59
SKANDINAVISKA ENSK 13 1/8 95 £	100	98⅞	99⅜	−⅛	13.41
WORLD BANK 11 1/4 95 £	100	95⅛	95⅝	+⅛	12.58
ABBEY NATIONAL 0 96 NZ$	100	44	45		14.51
TELECOM NZ O/S FIN 13 1/8 93 NZ$	75	100	101		13.12
AIDC 7 7/8 93 FFr	600	92⅞	93⅜	+⅛	10.73
CREDIT LYONNAIS 10 95 FFr	2000	96⅞	97⅜		10.85
EURATOM 7 5/8 98 FFr	500	83	83½	+⅛	10.97

FLOATING RATE NOTES	Issued	Bid	Offer	C.cpn
ABBEY NATIONAL 1/16 00 £	150	99.94	100.02	15.0000
ALBERTA PROVINCE 1/32 93	500	99.96	100.07	8.4063
ALLIANCE & LEICS 0.08 94 £	300	99.89	99.94	15.0800
BANCO ROMA 0.03 01	200	95.39	95.89	8.4675
BANCO SANTO SPIRITO 93	200	99.42	99.52	8.6250
BELGIUM 1/16 97 DM	500	100.00	100.10	8.8025
BFCE -0.02 96	350	99.76	99.86	8.4175
BNP 05	300	98.05	98.23	8.3750
BRITANNIA 1/10 96 £	150	99.89	99.94	15.1000
CITICORP 1/4 98	500	93.06	93.81	8.3125
CITIZENS FED 0.15 96	100	99.50	100.00	8.2125
COMMERZBK O/S FIN 93	200	99.52	99.62	7.9575
DENMARK -1/8 96	1000	98.94	99.04	8.0000
FERRO DEL STAT 94	200	100.30	100.40	8.2500
HALIFAX 1/10 94 £	200	100.02	100.07	15.1000
MITSUI FIN ASIA 1/8 96	100	99.91	100.01	8.1875
MORGAN (JP) 1/4 97	250	99.50	99.74	8.5000
NAT WEST FIN 3/16 05	400	96.38	96.88	8.8125
NEW ZEALAND 93	500	99.42	99.54	8.0625
NORTHEAST SAVINGS 1/10 96	150	99.50	100.00	8.1625
PORTUGAL 0.05 93	700	99.88	99.98	8.4875
QUEBEC PROV 01	300	97.29	97.45	8.5000
RENFE 98	500	99.63	99.73	8.5000
SOCIETE GENERALE 96	300	99.02	99.12	8.6250
UNITED KINGDOM -1/8 96	4000	99.69	99.72	8.1250
WELLS FARGO 1/16 94	150	97.25	98.25	8.1875

CONVERTIBLE BONDS	Issued	Conv. price	Bid	Offer	Prem.
ARGYLL GROUP 4 1/2 02 £	60	2.95	101⅞	102⅞	+27.89
ASDA-MFI 4 3/4 02 £	100	1.64	106⅛	107⅛	+55.58
BURTON GROUP 4 3/4 01 £	110	3.15	105⅛	106½	
EASTMAN KODAK 6 3/8 01	300	50.67	97⅜	98⅜	+18.89
GOODYEAR TIRE 6 7/8 03	150	80¼	67	67⅞	
GRACE (WR) 6 1/4 02	150	42⅛	75⅛	76	+29.83
GRAND MET 6 1/4 02 £	100	6.58	90¼	91¼	+5.10
HAWLEY 6 02 PREF	400	1.91	106⅛	108	+11.31
HILLSDOWN 4 1/2 02 £	150	4.16	99⅝	100⅛	+60.64
INTL PAPER 5 3/4 02	200	68⅛	83⅛	84⅝	+22.06
LAND SECS 6 3/4 02 £	84	6.72	77¼	78⅛	+6.20
METAL BOX 5 3/4 02 £	65	1.93	88⅛	91	−5.89
MITSUBISHI BK 1 3/4 02	300	2727.1	75	77	+0.31
OGDEN 6 02	85	39.077	74	74⅞	+40.20
PACIFIC DUNLOP 6 3/4 97	75	3.749	107½	108½	+0.18
TEXAS INSTRUMENTS 2 3/4 02	300	82⅞	77⅛	78⅝	
THORN EMI 5 3/4 04 £	103	7.45	99¾	100¾	+25.24

* No information available - previous day's price
‡ Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate (three-month §above mean rate) for US dollars. C cpn=The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

INTERNATIONAL CAPITAL MARKETS

Shell Canada C$150m deal attracts strong demand

By Tracy Corrigan

TWO more issues in the Canadian dollar sector brought fresh supply this week to C$500m, testing the level of demand. But Shell Canada's C$150m five-year deal elicited strong buying interest, dealers said.

Like Wednesday's C$150m offering for IBM Canada, also launched by Wood Gundy, the deal was supported by expectations of firm demand from Canadian investors. A C$100m three-year transaction for Crédit Local de France, commanding a narrower European investor base, performed less well, though it traded just inside its 1⅞ point fees.

General Electric Capital Corporation's two-year deal launched on Monday is likely to fare worst of the bunch, as investors are looking to extend a little way along the yield curve, now that it is no longer inverted, dealers said.

Canadian dollar bonds are finding more favour with retail investors than ECU bonds, because they are offering higher yields, according to dealers, and ECU bonds look quite expensive compared with other European bond markets.

The lack of retail interest in the sector slowed the progress of Finland's Ecu250m five-year deal via Crédit Suisse First

INTERNATIONAL BONDS

Boston, which also suffered because Finland's Triple-A credit rating is under review by Moody's.

In addition, the pricing of the issue was felt to be on the aggressive side. The Finland bonds, yielding 10.35 per cent at the fixed re-offered level, do offer a yield pick-up over Spain's and the European Community's five-year bonds, but these issues are currently trading tightly, compared with other secondary market paper.

Other dealers compared the new deal's yield with five-year Austria-guaranteed Oesterreichische Kontrollbank bonds at 10.43 per cent. The deal had not broken syndicate by the end of the day.

Another sovereign borrower, the Kingdom of Belgium, brought a DM300m five-year offering via WestLB. The 9 per cent bonds attracted steady demand and the deal was bid well within 2 point fees at less 1⅛ points.

Tokai Bank and Hokkaido Takushoku Bank became the latest Japanese banks to raise subordinated debt, totalling $500m, to shore up their capital.

● Euroclear participants will be able to settle Spanish equities trades against payment from today. The new service, developed with Banco Santander, is intended to ease international trading of Spanish shares.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Tokai Bk (H.Kong)(e)†◆	300	(e)	100	2000	30/15bp	CSFB
H'kaido Takushoku Bk(f)†◆	200	(f)	100	2000	35/20bp	Yamaichi Int.(Eur.)
Nippon Paint Co.(a)♦	150	(5⅛)	100	1994	2¼/1½	Nikko Secs.(Eur.)
NEC Corp(b)♦◆	350	4⅞	100	1994	2¼/1½	Daiwa Europe
Izumi Co.(c)♦◆	100	5	100	1994	2¼/1½	Daiwa Europe
CANADIAN DOLLARS						
Shell Canada(a)◆	150	11⅝	101.60	1995	1⅞/1¼	Wood Gundy Inc.
Credit Local de France(a)◆	100	11½	101⅜	1993	1⅜/⅞	Bankers Trust Int.
D-MARKS						
Kingdom of Belgium(a)◆	300	9	101⅜	1995	2/1¼	WestLB
SWISS FRANCS						
Chisan Tokan Co.(d)★★§	80	4¾	100	1994	-	Credit Suisse
ECUs						
Republic of Finland(a)◆	250	10¼	101¼	1995	1⅞/1¾	CSFB
YEN						
Nissan Cap.of America(a)◆	10bn	8½	101⅛	1993	1⅜/⅞	Daiwa Europe

★★Private placement. §Convertible. †Floating rate note. ♦With equity warrants. ◆Final terms. a) Non-callable. b) Coupon was indicated at 5⅛%. Conversion premium fixed at 2.5%. c) Coupon was indicated at 5⅛%. Conversion premium fixed at 2.5%. Non-callable. d) Put option 31/12/92 108¾% to yield 8.402%. e) Subordinated FRN issue, on fiduciary basis by BGL. Coupon pays Libor plus 30bp for first 5 years, then Libor plus 40bp thereafter. Callable from Sept 1995 at par. f) Subordinated FRN issue. It is in the form of Subordinated Loan Participation Certs. via Yamaichi Int.(Deutschland). Coupon pays 3-month Libor plus 30bp for first 5 years, then 3-month Libor plus 40bp thereafter. Callable after 5 years at par once only.

ISE takes promotion drive to Japan

THE leading executives of London's International Stock Exchange will be in Japan next week in an unprecedented marketing drive to promote London as the route through which investment into continental Europe should be channelled, writes Richard Waters.

The move comes as London faces a serious threat to its leadership in securities trading, prompted by waning Japanese interest in UK securities.

According to figures released this week, Japanese investors sold a net $2.3bn of UK securities in the first six months of this year, but were big buyers of continental European stocks. Unless it can tap this interest, the ISE's central role in European share trading will be challenged.

The delegation to Japan will comprise the ISE chairman and chief executive, and the managing directors of its three operating divisions. The venture is being paid for by the London operations of 18 top securities companies, including Japanese, US and UK houses.

Papering over the cracks in tax revenues

Simon London finds increasingly sluggish growth forcing up government issuance

Worldwide government bond issuance looks set to increase throughout the rest of 1990 and accelerate into 1991, as public sector finances weaken in the major industrialised nations, according to bond market analysts.

Government and government agency bonds accounted for about 56 per cent of the publicly-traded bond market at the end of 1989, according to figures from Salomon Brothers. At face value, government bonds amounted to $5,800bn in a total world bond market valued at $10,400bn. This compares to a capitalisation of world equity markets of $10,800bn, calculated at the same exchange rates.

However, while the world bond market grew by 8 per cent in 1989, outstanding central government and government agency paper grew by a sluggish 3.8 per cent. This year the rate of increase in government paper is expected to pick up, as rising world oil prices dampen already sluggish economic growth in major economies and depress government tax revenues.

The early signs have been felt in the US, where the estimated size of this year's budget deficit has risen sharply because of the slowing US economy, the cost of the savings and loans rescue and military intervention in the Gulf. Salomon predicts a $220bn Treasury borrowing requirement this year. Other estimates suggest that this will rise to between $230bn and $250bn in fiscal 1991, compared with a $155bn deficit registered at the end of 1989.

The crisis in the Gulf, according to some analysts, means that the Japanese Government's financial planners may abandon long-term efforts to achieve a balanced Budget and could issue bonds to make up for smaller tax revenues. Helped by brisk tax revenues, Japan was able to finance national expenditure without issuing new bonds for the year ended March 31 1990 for the first time in five years.

Added to an anticipated slowing of the major economies is the one-off cost of German unification. The process of upgrading East Germany's infrastructure may reach DM600bn ($379m) over the next decade, funded by quasi-government bodies. In addition to regular bund issuance, the German Government has already raised about DM8.5bn this year through its 'off balance sheet' Unity Fund. East German institutions such as the Staatsbank have been equally active. The West German Government has also committed to pay DM12bn to the Soviet Union for withdrawal of Soviet troops from East Germany.

Salomon Brothers expects the German Government to have raised a total of DM100bn by the end of this year, rising to DM130bn in 1991.

Public sector finances elsewhere in Europe are expected to deteriorate for a variety of reasons. For example, the expected worsening in UK public sector finances in 1990 and 1991 will be reinforced by the initial costs of the community charge. This has raised the prospect of fresh gilt issuance next year. Even the most conservative estimates suggest a net funding requirement of £3bn to £4bn in 1991.

Attempts by the Italian Government to curb the huge budget deficit have so far met with failure, suggesting that bond issuance will continue to grow rapidly. A deficit target of 10.4 per cent of gross domestic product in 1990 was surpassed in the first half of the year.

The 1991 French government budget plan, unveiled on Wednesday, suggested that the authorities were adhering to deficit reduction targets in the face of higher oil prices. The aim is to reduce the overall budget deficit to FFr80bn (1.2 per cent of GDP) in 1991, against FFr90bn this year. However, the volatility in French government OATs demonstrates a high degree of nervousness over the impact of higher oil prices on economic growth.

Moreover, by the mid-1990s, analysts are predicting a heavy social security burden on public sector finances as an unfavourable national demographic profile comes into play. Issuance of French government OATs may also accelerate as the authorities strive to finance the public sector deficit with longer-term securities.

Regulators to discuss co-operation moves

By Richard Waters

SENIOR representatives from Japan, the US and UK will meet in New York next week in the first formal meeting between the countries aimed at greater co-operation over securities market regulation.

The meeting, set for Tuesday and Wednesday, signals growing concern among regulators about the dangers of contagion spreading between national securities markets, and the increasingly cross-border nature of securities frauds.

It will be attended by Mr Richard Breeden, chairman of the US Securities and Exchange Commission; Mr Nobuhiko Matsuno, chairman of the securities bureau of the Japanese Ministry of Finance; Mr John Redwood, the UK's minister for corporate affairs; and Mr David Walker, chairman of the UK's Securities and Investments Board.

The regulators will discuss the possibility of mutually recognising each others' systems – the route that European Community financial services regulation has taken – or of pushing for harmonisation of regulatory standards.

Mr Redwood said yesterday that harmonisation would be difficult to achieve in the short term, but that moves could be made in that direction.

Discussion will also cover stock market volatility; the sharing of information between regulators; capital adequacy for securities companies; and the effectiveness of national systems for clearing and settling securities transactions.

The effectiveness of the main international body of securities regulators, the International Organisation of Securities Commissions, will also come under review.

Iosco has been conducting a review into its operations this year, and is the agency thought most likely to fill the vacuum between national securities regulators.

The US/UK memorandum of understanding under which information is shared between regulators in the two countries will be discussed next week, implying a need for a freer flow of information between the two sides.

Yield rise 'shows auction dangers'

By Stephen Fidler, Euromarkets Correspondent

THE sharp jump in the yield being paid by Chase Manhattan on $200m of subordinated auction-rate notes illustrates the dangers of the auction structure, particularly when the instruments are being used as capital, bank analysts said yesterday.

Earlier this week, poor demand for the notes forced Chase to reset the yield on the notes from 9.66 per cent to 13.017 per cent. The rate on the notes is reset every three years by Dutch auction among investors.

Worries about the health of US banks appeared to be the main reason for the sharp jump in the rate – but Chase also blamed the more than $3bn in subordinated paper issued by Japanese banks over the last week and the unfavourable shape of the yield curve.

Chase was one of only two US banks to issue subordinated auction rate paper, however, according to Mr Jay Weintraub, a bank analyst with Salomon Brothers in New York. Bank of America, with $100m of notes outstanding, reset the rate on its paper at more favourable terms earlier this year.

Such capital – which increased in cost when the bank was under pressure – "didn't make a whole lot of sense", said Mr Weintraub.

Many other companies, both from the US and the UK, have issued similar paper, which is accounted for as equity, however. It could suffer similar problems if there were questions marks about a company's financial health, analysts said.

India taps returning expatriates' funds

By R.C.Murthy in Bombay

THE state bank of India proposes to launch a US dollar-denominated bond issue to tap the savings of expatriate Indians, who have been affected by the Gulf crisis and the collapse of the Kuwait dinar.

Expatriate Indians are eligible to buy the seven-year bonds, but the focus is on former Middle East residents. About 500,000 returning to India will be able to keep their savings in foreign currency and postpone the compulsory conversion to the rupee, which continues to depreciate by an annual 10 per cent against world main currencies.

India imposes tight exchange controls and returning expatriates will, under Indian laws, have to convert their foreign currency holdings within 60 days of their return.

The coupon rate will be one percentage point more than the interest Indian banks pay on three-year US dollar deposits, at the November launch date.

The Reserve Bank of India, the central bank of the country, fixes the dollar interest rate which is 10 per cent on three-year deposit, based on US interest rates and the London interbank rate.

Mr S.G. Parande, executive director of SBI Capital Markets, said that nearly $150m bonds were expected to be sold against $92m in 1988.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

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	EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section	Thursday September 13 1990: Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1990 to date	Wed Sep 12: Index No.	Tue Sep 11: Index No.	Mon Sep 10: Index No.	Year ago (approx): Index No.
1	CAPITAL GOODS (195)	724.28	-1.3	15.63	6.44	7.83	25.75	733.77	739.86	741.67	989.06
2	Building Materials (26)	893.33	-2.7	17.02	6.77	7.24	33.68	917.74	915.82	916.19	1172.77
3	Contracting, Construction (36)	1100.44	-2.7	20.81	7.45	6.24	42.06	1131.28	1126.76	1136.22	1573.43
4	Electricals (10)	2043.04	-1.2	14.41	6.58	8.48	64.89	2068.20	2088.64	2086.26	2929.06
5	Electronics (27)	1584.44	-0.7	10.43	5.07	12.99	55.67	1596.03	1596.69	1594.18	2218.51
6	Engineering-Aerospace (8)	430.85	-3.4	15.51	5.52	7.76	10.79	446.02	437.09	432.32	0.00
7	Engineering-General (46)	410.87	-0.5	14.53	6.32	8.29	14.87	412.75	411.31	409.99	0.00
8	Metals and Metal Forming (6)	415.25	-0.9	27.80	8.10	4.37	17.02	418.95	418.85	421.48	520.99
9	Motors (13)	300.14	-1.0	17.89	7.87	6.51	13.91	303.29	303.48	302.06	358.04
10	Other Industrial Materials (23)	1235.52	....	14.15	6.52	8.15	40.92	1235.76	1293.12	1310.25	1836.24
21	CONSUMER GROUP (178)	1182.32	-0.6	10.41	4.31	11.86	26.11	1188.95	1186.74	1189.46	1379.87
22	Brewers and Distillers (22)	1467.40	-0.9	10.48	3.97	11.56	30.61	1480.66	1471.70	1474.75	1530.09
25	Food Manufacturing (20)	1009.94	-0.4	11.49	4.79	10.74	24.47	1013.95	1012.06	1008.96	1191.88
26	Food Retailing (16)	2412.16	+0.1	9.65	3.42	13.16	45.88	2408.89	2405.29	2397.29	2623.26
27	Health and Household (16)	2346.47	-1.1	7.53	3.00	15.81	29.07	2371.72	2383.00	2403.86	2648.72
29	Leisure (32)	1188.05	-1.1	12.59	5.26	9.61	36.39	1200.99	1205.83	1211.59	1817.13
31	Packaging & Paper (12)	504.66	-0.2	12.76	6.89	9.63	20.57	505.54	504.78	495.19	615.30
32	Publishing & Printing (16)	3092.70	+0.2	11.75	6.06	10.67	117.68	3086.78	3072.65	3068.90	3771.50
34	Stores (33)	756.66	-0.4	11.73	5.00	11.05	17.19	759.52	752.27	756.46	894.59
35	Textiles (11)	411.56	+2.3	14.80	8.76	8.51	19.76	402.18	404.02	403.73	582.23
40	OTHER GROUPS (107)	1016.97	-0.3	12.47	5.86	9.70	30.13	1019.70	1024.96	1024.06	1199.42
41	Agencies (16)	1219.76	+1.2	8.32	3.21	14.53	20.34	1205.46	1230.23	1242.82	1581.86
42	Chemicals (24)	1019.79	-1.1	12.98	6.52	9.10	44.26	1031.08	1044.58	1044.55	1331.45
43	Conglomerates (15)	1347.73	-0.5	12.50	7.40	9.62	34.46	1354.36	1380.58	1379.72	1714.66
44	Transport (13)	1912.74	-0.7	12.63	5.51	10.03	50.29	1925.44	1916.46	1917.07	2418.12
46	Telephone Networks(2)	1165.78	+0.1	11.48	4.83	11.33	26.09	1164.22	1153.78	1145.43	1154.82
47	Water(10)	1943.54	-0.4	15.86	6.97	7.09	68.12	1950.63	1947.50	1940.03	0.00
48	Miscellaneous (27)	1533.39	-0.2	13.71	5.91	8.37	61.26	1535.84	1546.22	1553.00	1921.07
49	INDUSTRIAL GROUP (480)	1022.32	-0.6	12.23	5.27	10.01	28.08	1028.85	1031.55	1032.93	1244.11
51	Oil & Gas (20)	2489.16	-0.6	10.02	4.97	13.05	72.16	2503.49	2485.05	2487.49	2280.42
59	500 SHARE INDEX (500)	1141.50	-0.6	11.87	5.22	10.41	31.65	1148.67	1149.80	1151.27	1331.83
61	FINANCIAL GROUP (107)	687.50	-0.9	-	6.89	-	29.35	693.90	691.39	691.75	818.87
62	Banks (9)	731.48	-0.9	22.34	7.85	5.86	41.50	738.43	740.10	750.36	830.53
65	Insurance (Life) (7)	1325.76	-0.8	-	5.70	-	37.79	1336.91	1313.22	1294.81	1230.40
66	Insurance (Composite) (6)	581.41	-1.1	-	7.30	-	24.94	588.14	581.58	571.95	682.20
67	Insurance (Brokers) (8)	822.29	-2.3	10.39	7.81	12.68	39.82	841.27	839.39	837.49	982.37
68	Merchant Banks (7)	362.25	-2.2	-	5.61	-	11.93	370.36	371.46	373.46	404.34
69	Property (47)	916.00	-0.4	8.39	5.35	15.84	23.74	919.92	918.08	916.20	1353.54
70	Other Financial (23)	252.90	-0.2	10.73	7.02	12.24	9.88	253.42	254.29	254.45	371.20
71	Investment Trusts (66)	1061.16	-0.3	-	3.72	-	23.74	1064.74	1058.40	1059.14	1275.27
91	Overseas Traders (5)	1278.86	-0.2	10.90	7.15	10.96	59.65	1281.10	1281.91	1275.24	1483.40
99	ALL-SHARE INDEX (678)	1032.47	-0.7	-	5.42	-	30.76	1039.28	1039.42	1040.59	1207.32

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Sep 12	Sep 11	Sep 10	Sep 7	Sep 6	Year ago
FT-SE 100 SHARE INDEX♦	2127.1	-15.2	2145.8	2126.1	2142.3	2144.3	2147.0	2122.9	2120.9	2382.0

FIXED INTEREST

	PRICE INDICES	Thu Sep 13	Day's change %	Wed Sep 12	xd adj. today	xd adj. 1990 to date
	British Government					
1	Up to 5 years	116.60	-0.02	116.62	-	8.63
2	5-15 years	120.46	....	120.46	-	9.65
3	Over 15 years	121.35	+0.05	121.29	-	9.84
4	Irredeemables	140.00	-0.27	140.37	-	8.85
5	All stocks	121.09	....	121.09	-	9.41
	Index-Linked					
6	Up to 5 years	150.53	+0.08	150.41	-	2.46
7	Over 5 years	137.65	+0.25	137.30	-	3.12
8	All stocks	138.50	+0.24	138.17	-	3.06
9	Debentures & Loans	99.00	+0.21	98.79	-	8.62
10	Preference	73.61	+0.08	73.55	-	4.58

	AVERAGE GROSS REDEMPTION YIELDS		Thu Sep 13	Wed Sep 12	Year ago (approx.)
	British Government				
1	Low	5 years	10.98	10.96	9.72
2	Coupons	15 years	10.98	10.95	9.34
3		25 years	10.98	10.95	9.25
4	Medium	5 years	12.10	12.08	10.70
5	Coupons	15 years	11.52	11.52	9.75
6		25 years	11.21	11.22	9.37
7	High	5 years	12.19	12.17	10.81
8	Coupons	15 years	11.77	11.77	9.95
9		25 years	11.50	11.51	9.53
10	Irredeemables	†	11.07	11.04	9.27
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	4.59	4.61	3.11
12	Inflation rate 5%	Over 5 yrs.	4.29	4.30	3.52
13	Inflation rate 10%	Up to 5 yrs.	3.49	3.51	2.35
14	Inflation rate 10%	Over 5 yrs.	4.11	4.13	3.36
15	Debs &	5 years	14.14	13.92	13.10
16	Loans	15 years	13.01	13.04	11.93
17		25 years	12.76	12.79	11.30
18	Preference	†	12.90	12.90	10.34

♦Opening index 2145.8; 9 am 2139.0; 10 am 2139.4; 11 am 2138.6; Noon 2137.2; 1 pm 2133.3; 2 pm 2133.5; 3 pm 2132.0; 4 pm 2130.0; 4.10 pm 2127.6; (a) 8.30am (b) 4.14pm † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 35p.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	22	30	45
Corporations, Dominion and Foreign Bonds	7	0	15
Industrials	180	426	960
Financial and Properties	76	173	489
Oils	20	22	46
Plantations	0	2	8
Mines	35	23	101
Others	42	49	152
Totals	382	725	1816

LONDON RECENT ISSUES

EQUITIES

Issue Price	Am'nt Paid up	Latest Renunc. Date	1990 High	1990 Low	Stock	Closing Price	+or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
-	F.P.	-	131	106	ABI Leisure 10p	106		R4.7	3.3	5.9	6.9
-	F.P.	-	7½	4	Bennett & Fountain Wts.	7		-	-	-	-
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1990 High	1990 Low	Stock	Closing Price £	+or -
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1990 High	1990 Low	Stock	Closing Price p	+or -
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

TRADITIONAL OPTIONS

- ● First Dealings Aug. 28
- ● Last Dealings Sept. 14
- ● Last Declarations Dec. 6
- ● For settlement Dec. 17

For rate indications see end of London Share Service

Calls in Brent Walker, Intl. Business Comms., Park Food, Polly Peck, Sunleigh and Vistec. Put in John Foster. Put and call in Tuskar Res.

LONDON TRADED OPTIONS

DISAPPOINTING figures from Rolls-Royce dominated sentiment in the derivative markets although business in futures once again led the underlying equity market.

Following half-year profit figures that came in below analysts' expectations, Rolls-Royce was the top equities performer in the London Traded Options Market.

However as the split of 1,527 calls and 2,183 puts suggests institutions were taking varied stances.

County NatWest said dealers were buying calls in the hope of a bounce, trading off their existing position to cut losses by selling options already in their portfolio or protecting themselves with hedging puts. Much of the business was intra-market trading.

James Capel made a significant trade in Marks and Spencer by selling 1,100 October 220 straddles at 14½. The deal will make money as long as the shares are above 205½ or below 234½ at the October expiry.

The trade pushed Marks and Spencer into second place with a turnover of 3,057.

Capel also dealt heavily in Hanson which had a turnover of 2,704 contracts. It took a bearish attitude buying 1,000 of the February 200 puts and 1,000 of the May 200 puts.

The other healthy business was with the European FT-SE option and Trusthouse Forte.

The FT-SE option saw 4,103 contracts exchanged – 1,000 calls and 3,103 puts.

Business in the Liffe was slow. It began well with the September FT-SE future opening at 2,161 after Wall Street's overnight gains but drifted off following bearish press comment on the outlook of the economy.

It tailed off further after an afternoon statement from chairman of the Federal Reserve Board, Mr Alan Greenspan, that the banking system would be under pressure for some time.

The September future closed at 2,137 – 3 points off its low and at a 4-point premium to Fair value – on a turnover of 3,850. The December future closed at 2,195 on a turnover of 449.

Option		Calls Oct	Calls Jan	Calls Apr	Puts Oct	Puts Jan	Puts Apr
Alld Lyons (*475)	420	63	75	93	2½	6	11
	460	28	47	65	7½	16	21
	500	8	26	42	30	36	38
ASDA (*114)	100	17	22	-	2	4	-
	110	9	15	20	3½	7	9
	120	3½	9½	14	10	13	16
Brit. Airways (*163)	140	26	28	33	2	4	6
	160	9½	15	20	6	12	13
	180	3	7	12	18	24	26
Utd. Biscuits (*321)	300	25	38	44	5	10	16
	330	7	19	25	20	24	30
	360	2	9	14	44	46	50
Unilever (*634)	600	48	68	88	7	17	22
	650	17	40	57	27	37	43
	700	5	20	35	75	75	77
Ultramar (*362)	330	41	55	65	3	10	13
	360	18	38	47	10	18	23
	390	7	20	30	28	35	38

Option		Calls			Puts		
Abbey Nat. (*214)	200	15	25	32	1	5	9
	220	2	15	18	7	12	15
Amstrad (*58)	50	9½	12	15½	1	2½	3½
	60	2	6½	10	4	6	8
Barclays (*330)	330	8	28	42	5	15	20
	357	2	15	-	30	31	-
Blue Circle (*199)	200	4	17	26	5	13	15
	220	1½	8½	16	24	26	27
British Gas (*222)	220	5	16	21	3½	9	11½
	240	1	7	12	19	22	23

[illegible]

Costain falls to £20m as interest charges treble

By Andrew Taylor, Construction Correspondent

COSTAIN GROUP yesterday became the latest company to announce a big fall in half-year profits due to high interest rates and the collapse of the UK housing market.

Pre-tax profits during the six months to the end of June fell by almost 38 per cent from £32.4m to £20.1m.

A big increase in borrowings following the purchase last year of the Pyro coal mining business in the US meant that interest charges almost trebled from £6.8m to £19.2m.

Mr Peter Costain, chief executive, said sales of properties in Maidenhead, Berkshire, and two buildings in Melbourne, Australia, would enable group gearing to be cut from about 86 per cent to between 70 and 75 per cent by the year-end.

The sale proceeds, however, would not arrive in time to reduce interest charges significantly for this year. The benefits were not expected to work through until next year.

Mr Costain said conditions in the UK housing market, if anything, had worsened this year. Commercial property results were also worse than during the comparable six months. The Maidenhead and Melbourne sales would be included in the second half of this year.

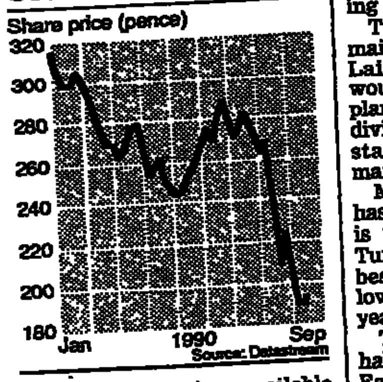
Mining, which this year is expected to produce at least half of Costain's profits, increased operating profits by about 20 per cent during the first half.

Australian mining profits rose substantially, while US profits were largely unchanged. The contribution from Pyro would have been £8m higher but for problems caused by an explosion at the West Kentucky mine last autumn.

Mr Costain said productivity at the mine had improved since the beginning of July. Mining results in the US would therefore be better in the second half.

Engineering and construction profits had shown a useful increase during the first half, although there had been a slowdown in the number of new jobs becoming available for tender. The forward order book, however, remained at more than £1bn.

Costain Group



Group turnover rose 25 per cent from £605m to £754m. Earnings per share, however, slipped from 11.2p to 7.8p. The interim dividend was maintained at 4.75p.

● **COMMENT**

Costain's share price took slight comfort from the prospect of a reduction in gearing and closed 2p up at 190p. The prospects for housing, however, show no sign of improvement. A further write-down against housing losses – following a £20m provision announced in March – has not been ruled out. Commercial property will continue to be a very difficult market, while contracting margins can only get worse. Mining is Costain's ace in the hole. This is doing better, but recovery is steady rather than spectacular – problems at Pyro not withstanding. Coal price rises in west Kentucky announced last year have stuck, but have come off a bit in east Kentucky. This division continues to promise more than it has fulfilled. Higher oil and gas prices may help force the pace. With interest charges likely to remain high in the second half, full year profits could slip to £45m, compared with £55.1m in 1989. The group remains under a lot of pressure.

Plans to lift dividend abandoned due to depressed housing market

John Laing shares hit by profits plunge

By Andrew Taylor, Construction Correspondent

TAXABLE PROFITS of John Laing, the construction and housebuilding group, plunged by almost two thirds from £21.3m to £7.8m during the six months to the end of June.

The share price fell by 38p to 210p, down 15 per cent, following the results announcement.

The interim dividend was maintained at 3p. Mr Martin Laing, chairman, said it would be imprudent to pursue plans to increase the interim dividend, given the depressed state of the UK housing market.

Mr Laing said: "This year has been tough, but next year is unlikely to be any easier." Turnover in 1991 would be at best flat and could even be lower than during the current year.

Turnover during the first half rose from £653m to £709m. Earnings declined to 5.9p (16p).

The number of UK house sales fell from 1,001 to 841. US sales fell from 341 to 191.

Mr Laing said the contracting order book remained strong, but work was becoming harder to replace as jobs finished. The sharp downturn in the UK commercial property market meant that fewer new schemes were being started.

However, the group had won several very large orders recently, including a joint venture with GTM Entrepose to build a privately financed toll bridge across the River Severn.

Laing had also won contracts, worth several hundred million pounds, to build UK plants for Toyota, the Japanese cars group, and for Glaxo, the British pharmaceuticals group.

Net borrowings at the year-end were expected to be still only about 17 per cent of shareholders' funds.

Martin Laing: next year unlikely to be any easier. Turnover would be at best flat

● **COMMENT**

The big fall in Laing's share price was prompted by lower than expected profits, fears that the full-year dividend will not be increased and worries that the group will still only be bouncing along the bottom next year..

Housing profits in the first half include a provision of less than £5m against future losses. Contracting margins also are likely to come under pressure as the downturn in the property sector deepens. Laing, however, can take comfort from its low level of gearing, compared with Wimpey and Costain. Its low exposure to commercial property development is a defence against yields which have returned to the crisis levels of the mid-1970s.

At some stage Laing, which builds most of its houses in south-east England, may become a recovery stock – but that time is not yet. Pre-tax profits this year could fall to £30m, against £57.5m last year.

AB Electronics hit by high loan costs

By Andrew Jack

FALLING MARGINS and higher interest charges cut pre-tax profits in AB Electronics, the south Wales-based electronic components manufacturer, by 27 per cent to £11.13m in the year to June 30, compared with £15.2m in the previous 12 months.

Turnover rose by a quarter to £261.31m (£208.61m), but operating profits fell to £14.98m (£15.9m) after a depreciation charge of £9.1m (£9.5m). The shares gained 4p to close at 208p.

"We are disappointed that the results are not better," said Sir Peter Phillips, chairman. "Severe competition put us under price pressure and squeezed margins. We had some growth but it was less fast than expected."

Fully diluted earnings per share fell 10.3p to 24.3p. But the board maintained the total dividend at 17.5p, including a unchanged final of 13.5p.

AB does not release a profits breakdown by division. But Sir Peter said the resale and distribution product group was in the red for the year. The other five groups were profitable.

The aerospace and defence group "returned satisfactory profits." The assemblies group was suffering from the downturn in computer investment. Components had "a difficult year."

The telecommunications group reported a "disappointing performance" in spite of the growth in satellite television and cable markets. It closed Tandata following the cancellation of British Telecom's videotex service.

The company wrote-off £2.55m in extraordinary items for the net costs of restructuring subsidiaries.

The interest charge soared to £3.85m (£683,000) on group borrowings of £17.7m.

● **COMMENT**

AB may raise the odd eyebrow by holding the dividend, but the strategy should help to keep shareholders faithful and generate sufficient confidence to fund in part with paper the remaining £8m which funded recent expansion. The yield may also calm investors concerned by the underperformance of the shares. A refusal to give divisional breakdowns hardly eases analysis, but some feel there is still a focus on low margin businesses. The results are low but not surprising, and the company has fought dependence on a few customers and controlled the balance sheet. On pre-tax profits of £11m for 1990-91, earnings per share of 27.1p give a multiple of 7.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Abbeycrest ....int	1.2†	Nov 1	1.2	-	3.6
AB Electronics ....fin	13.5	Nov 30	13.5	17.5	17.5
Abingworth ....fin	1.5	Nov 5	1.5	1.5	1.5
Ambassador Secy ...int	0.25	Oct 18	nil	-	-
Assoc Brit Ports ....int	2.75†	Nov 7	2.25*	-	6.25*
Bletchley Motor§ ....int	4.1	Oct 17	3.75	-	7.5
Brake Bros ....int	1.5†	Dec 28	1.2	-	4.2
British Fittings........int	1.375†	Nov 30	1.25	-	7.025
BZW Convertible ....fin	3.8	Oct 12	-	3.8	-
Coats Viyella ....int	3	Jan 2	3	-	9
Community Hosp ....fin	3.3	Nov 8	0.5	5.2	4.5
Costain ....int	4.75	Nov 26	4.75	-	12.25
Creston ....fin	0.3	-	1	1	1.7
Haggas (John) ....fin	1	Nov 26	2	2	3
Huntleigh Tech §......int	1.25	Oct 31	0.75	-	2
K'wort Smaller ....int	1.35	Nov 2	1.35	-	4.5
Laing (John) ....int	3	Nov 23	3	-	13
Legal & General ......int	5.9	Dec 3	5.9	-	15.8
Matthews (B) ....int	2	Oct 26	1	-	3
Metsec ....int	2.7†	Nov 30	2.35	-	5.8
Olives ....int	3	-	3	-	9
Property Co Ldn§.....fin	2‡	Nov 1	2.25	4	2.75
Readymix ....int	0.55♣	-	0.4	-	1.75
Rolls-Royce ....int	2.55	Dec 3	2.3	-	7
Royal Dutch Pet ......int	3.35‡	-	3.25	-	7.65
RTZ ....int	6	Dec 17	5	-	18.5
Shell Transport ......int	8.4	-	7.7	-	18.4
Sirdar ....fin	3.5	Nov 26	3.5	5.15	5.15
Spandex § ....int	1.75	Jan 11	1.5	-	5
Swallowfield § ....int	2.2	Oct 31	2.2	-	5.6
Systems Rel ....int	1†	Nov 1	0.75	-	2.25
Tharsis ....int	3	Oct 31	3	-	12.5
United Biscuits ......int	5.3☆	Jan 4	4.9	-	13.8

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. ☆Scrip alternative. ‡For 15 months. ‡Dutch guilders.

Profits hit £83m in spite of severe setback at Ross Young's

Savoury snacks sweeten UB's 10% rise

By Clay Harris, Consumer Industries Editor

STRONG VOLUME *growth* from savoury snacks in the US and Europe enabled United Biscuits (Holdings) to post a 10 per cent increase in pre-tax profits in spite of a severe first-half setback for Ross Young's, its UK frozen foods subsidiary.

The biscuits, snacks, confectionery and frozen foods group lifted pre-tax profits to £83m (£75.7m) *on turnover ahead* by 8 per cent to £1.38bn (£1.28bn) in the six months to June 30.

Salty *snacks took* the limelight from sweet biscuits on both sides of the Atlantic. Crackers and ready-to-eat gourmet popcorn fueled the strong profits rise at Keebler, which now ranks second in snacks as well as cookies in the US. However, its cookie volume and market share fell.

In the UK, KP Foods increased its share of the snack market to 38.2 per cent, thanks to leading brands such as Hula Hoops and Discos. Its private label share *jumped to more* than 50 per cent, and growth was also strong in continental Europe, especially in France *and the Benelux countries.*

Mr Robert Clarke, chairman and chief executive, said UB was close to buying controlling interests in four snacks companies in Spain and Portugal. The continent accounted for £94m, or nearly 7 per cent, of the group's total first-half sales.

By contrast with KP, the rise at McVitie's, the UK's largest biscuits maker, was limited by a shift from its brands to private-label products.

*The worst news by far, how*ever, came from Ross Young's. Profit margins in the first quarter were halved because of a sudden *increase* in *costs*, especially of fish products, which had not been immediately recoverable in higher selling prices. Like McVitie's, it suffered from a shift to private label products, which increased their market share to 43.5 per cent.

Terry's, the York-based confectionery subsidiary, increased its chocolate assortments market share to 27.5 per cent and relaunched the Callard & Bowser range of toffees *and mints.*

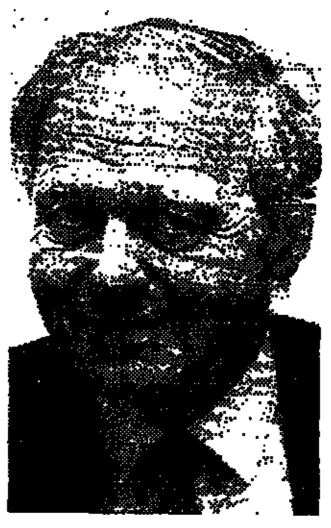
FIRST HALF RESULTS BY ACTIVITY (£m)	Turnover	% change	Trading profit	% change
McVitie's	268.2	+7	38.2	+6
KP Foods	226.7	+16	17.0	+24
Ross Young's	301.5	−1	13.4	−31
Terry's	56.1	+7	3.7	+12
Keebler	490.8	+9	27.1	+16
UB Intl	3.9	+63	(0.9)	−25
Inter-co sales	(2.9)	na	na	na
Discontinued ops	na	na	(0.4)	na
Group overheads	na	na	(5.5)	−10
Total	1375.8	+8	92.6	+5

A decline in margins at the trading level was offset by a lower interest charge of £9.6m *(£12.6m). Earnings per share* rose to 12.2p (11.4p) or 11.6p (10.8p) fully diluted. The interim dividend goes up to 5.3p (4.9p) with a scrip alternative.

UB said Mr Eric Nicoli, designated a year ago as a future chief executive, would assume that part of Mr Clarke's role on January 1.

● COMMENT

The main task ahead for young Mr Nicoli and mature Mr Clarke *is to demonstrate* without doubt that the acquisition of Ross Young's was not a long-term misallocation of resources. *The smaller*, more efficient, more premium-orientated business UB envisages will go some way towards addressing the problem. But the two to three years that will take could now be nearing a close if the process had been started immediately. At least UB's often criticised position as private-label, as well as branded, supplier has been vindicated by the British consumer's trading down in the first half. For the full year, pre-tax profits of £206m are in view, putting the shares on a prospective fully diluted p/e of 11. They are unlikely to widen this premium over the market in the short term.



Robert Clarke: acquisitions in Spain and Portugal

Eagle Trust to end listing and emerge as TV and film group

By Paul Cheeseright, Midlands Correspondent

EAGLE TRUST, the West Midlands mini-conglomerate striving to regain solvency, has asked the *Stock Exchange* to cancel its listing.

The move is part of a plan to achieve, in three to four years' time, a listing for a new company dedicated to providing television and film services.

The shares were suspended in May 1989, when the price was 18p, giving the company a market value of £138m. In fact *there is now a deficiency* in shareholders' funds of £30.7m.

"Given the present circumstances it would be pointless to seek the lifting of *that* suspension," Mr David James, the chairman brought into the group a year ago as "company doctor" told a subdued annual meeting in Solihull yesterday.

Some 80 shareholders heard Mr James outline Eagle Trust's plans for recovery and did not demur from a scheme involving the sale of all but the film and television companies in the group and litigation to recover some of the funds which flowed out of the group between 1987 and 1989.

This flow of funds crippled the group and left shareholders with nothing. The slimming down to a core business based on its Samuelson *subsidiaries* and the eventual flotation of Samuelson would be the only way shareholders would receive any of their money back, Mr James asserted.

The events before 1989, which led to the suspension of trading in Eagle Trust shares, are now being investigated by the Serious Fraud Office and *the Company Fraud Squad.*

Eagle Trust over the last year has spent £2m of its own money in trying to trace the path of payments *made by the* former management. It is budgeting a further £4m to follow through a series of court actions which between them have a value of £70m.

The key problem for Mr James and the new board is to reduce indebtedness. Bank bor*rowings total* £97m. Of this £7m is owed by overseas subsidiaries and is not a cause for concern. A further £13m is used as working *capital by* operating subsidiaries and, again, is not a concern.

Company sales and litigation to recover lost funds are the means chosen to reduce the balance of £77m in debt held by the parent.

The sale of Walter Somers, the Midlands forgemaster *caught* up in the Iraqi "supergun" affair, and Clarke's Crank and Forge to Folkes Group will slice off a further £10m.

The agreement of the group's bankers to exchange £15m of debt for redeemable preference shares will reduce borrowings further, to £49m.

Apart from Trio Containers, undergoing reorganisation as a *prelude to the search* for a buyer, and the film and television business, Mr James expects all Eagle Trust subsidiaries to be sold by early 1992.

Tharsis falls to £260,000

Tharsis saw pre-tax profit fall from £425,000 to £260,000 in the first half of 1990. Interest received contributed substantially to the result.

Turnover fell from £1.11m to £232,000. Since the termination of the long term contract with a Belgian customer, pyrites sales operations were now reduced to the sale of a small tonnage to a UK customer. *Export sales totalled 5,691 tons* (49,127 tons).

Earnings came to 8.1p per share (14.6p) and the interim dividend is again 3p.

Quotations panel may probe Spurs' deal

By David Owen and Richard Waters

THE STOCK Exchange yesterday continued its investigation into the secret deal struck by Tottenham Hotspur, the quoted company which owns the London football club, with Mr Robert Maxwell, the publisher.

The exchange said that brokers had been contacted but that it had not yet decided whether it was necessary to *get in touch directly with the* parties involved.

The agreement, struck on August 6, envisaged the underwriting by Headington Investments, a vehicle for the Maxwell *family*, of a £13m rights issue that would have given it a stake of at least 25.1 per cent.

Last night the most likely outcome appeared to be a full investigation by the exchange's quotations panel, followed by a public report.

The panel has traditionally limited itself either to suspending or de-listing companies in *cases where shareholders'* interests are harmed. It has become clear in recent months, though, that the panel has adopted a new sanction of publishing its findings.

It is thus able to criticise directors publicly while protecting shareholders, who would otherwise be disadvantaged by de-listing or suspension. In the clearest indication of its new tactic, the exchange last month published a damning report into the on-off buyout of Polly Peck announced by Mr Asil Nadir, its chairman *and chief executive.*

Tottenham has pledged to keep shareholders appraised of developments and said that they would receive a circular "as soon as practicable".

Yesterday, Mr Maxwell reaffirmed his willingness to recommence discussions, adding that "it would be unfortunate if the discussions were to flounder as a result of the much publicised disagreements on the Tottenham *board*".

Meanwhile, the Takeover Panel has decided against pursuing the matter further, taking *the view that* no offer period was in existence and that the affair was therefore "not really within our province".

Storms trim Legal & General to £41.5m

By Richard Lapper

LEGAL and General, the UK life and general insurer, announced profits broadly in line with expectations yesterday, with losses of £38m from the January and February windstorms largely responsible for a sharp fall in profits to £41.5m, compared with £76m at the half way stage last year.

Mr Joe Palmer, chief executive, said without these losses "we would have had a record interim profit."

● COMMENT

The company's decision to increase its interim dividend by 13.5 per cent to 5.9p is indication of the defensive qualities of the stock. The increase compared to a rise in interim dividend of 13 per cent at Prudential earlier this week and somewhat *lower increases for* the five composites announced over the last six months. Dividend yield of 6.1 compares favourably to a life insurance sector average of 5.5. Looking ahead to the second half, although the outlook for new UK pensions and life business is reasonable, there are some clouds on the horizon. In particular there are indications that Legal & General will suffer from rising weather-related claims. Subsidence losses *amounted to £10m in the first* six months and a further £5.5m in July and August. Total subsidence claims are likely to be well in excess of last year's £22m. After dry summers, subsidence claims tend to concentrate towards the end of the year.

Ashley Ashwood

Joe Palmer: without these losses we would have had a record interim profit

Ambassador £2.4m acquisition

By Maggie Urry

AMBASSADOR Security Group, the USM-quoted alarm company, is buying Alarm Manufacturing and Electronic Holdings (Ameco) for £2.4m. The purchase involves the *issue of 13.76m shares at 28.5p* each, to finance the acquisition and to reduce its own debt.

The shares were unchanged yesterday at 31p, although the news came minutes before the market closed.

Ameco is based in the north of England, while Ambassador's strength is in the south-east. The enlarged group will have 15 branches.

Ambassador, which joined the USM in July 1990, also announced interim results and a move to a full listing in October. Sales in the six months to end June doubled to £1.92m and pre-tax profits increased by 39 per cent to £377,000.

Earnings *per share* growth was held to 5 per cent, at 2.01p (1.91p). An interim dividend of 0.25p will be paid.

Shareholders are offered four new shares for every five. The vendor of Ameco is retaining £1m worth of Ambassador shares and any new shares not taken up will be placed.

Midland Bank may sell French mortgage arm

By David Lascelles, Banking Editor

Midland Bank is considering selling Banque Immobilière de Crédit, its French mortgage lending subsidiary.

Midland said yesterday that *it had no particular partner in* mind, nor had a decision been taken as to whether the entire business or only a stake would *be sold.*

The bank, which has assets of FFr11bn (£1.11bn), is a subsidiary of Midland Bank SA, Midland's 72 *per* cent owned French arm.

The sale is being contemplated in the context of Midland's wish to focus its European business on corporate and *investment* banking. The group is also keen to realise capital to strengthen its balance sheet.

European success helps take Spandex to £2.2m

THE FIRST half *of* 1990 saw further growth and development for Spandex, the USM-quoted distributor of equipment to the sign making and allied industries and maker of vinyl.

From sales ahead 10 per cent *to £20.6m (£18.8m) the pre-tax* profit moved up 8 per cent to £2.21m (£2.05m). Earnings per *share* were 12.8p (12p) and the interim dividend is 1.75p (1.5p).

Mr Charles Dobson, chairman, reported a healthy performance across all companies.

Entering mainland Europe by setting up strong strategic bases in each new territory resulted in successful market penetration in targetted areas. Overseas sales accounted for almost 50 per cent of the group total.

Further expansion in Europe was anticipated as opportunities arose.

In West Germany, H Brunner performed exceptionally well. Mr Dobson said it was increasingly seen as the 'flag ship' subsidiary.

Olives Holdings dives to £0.26m

Sales and profit slumped at Olives Holdings, the paper and property group, in the six months to June 30. On sales down from £8.61m to £2.56m the taxable result fell from £906,188 to £260,754.

Administration costs took £265,581 (£454,976) and interest £198,116 (£39,739). After tax of £85,000 (£317,000) earnings per share came to 2.29p (7.78p). The directors have maintained the interim dividend at 3p.

Flogas static with £4.2m

Profits were almost static at Flogas, a distributor of liquefied petroleum gas, in the year to May 31. The taxable result of I£4.2m (£3.85m) compared with I£4.17m in the previous 12 months. Sales grew 49 per cent *to* I£34.92m, but interest charges were higher.

A final dividend of 4.121p is recommended on earnings per share of 17.01p (18.18p). The total dividend comes to 6.661p, against 6.431p last time.

Property Co of London surges to £2.8m

The Property Company of London announced pre-tax profits of £2.77m for the 15 months ended March 31. In the *previous 12 months profits of* £300,000 were made.

Mr Stephen Alexander, chairman, said the last year had been one of transition as the company began refocusing its core business.

The results reflected the acquisition of Environmental and Recreational Developments, which added golf course development and related activities to the group's nursing home interests.

Mr Alexander *said the open*ing of the golf course at Collingtree Park was a milestone in the company's development and it was ready to undertake further schemes in both the UK and continental Europe.

To reflect more accurately its area of operations and intended direction, it was proposed to change the company's name *to* International Resort Holdings.

Turnover was £20.07m (£6.83m) and earnings 11.2p (2.6p). The final dividend of 2p, makes a total of 4p.

NEWS IN BRIEF

BRITANNIA REFINED Metals, part of MIM Holdings, is buying the lead smelting, alloys *and battery strip assets* at Elswick, Newcastle upon Tyne, of Cookson Industrial Materials. Completion of the pur*chase will take* place no later than December 31 1991.

BRUNNING GROUP has completed the disposal of Circular Distributors. Net proceeds of the sale amounting to £840,000 will reduce Brunning's overdraft. Together with the disposal last week of Index Advertising, this marks the first phase of Brunning's repositioning as a marketing services consultancy.

BZW CONVERTIBLE Investment Trust: For initial trading period February 8 to July 31 1990 total income was £4.06m, net revenue £2.26m and earnings 4.47p per share. Dividend is 3.8p. Net asset value was 94.34p at the end of the period, a decline of 1.8 per cent since the company was launched.

REED INTERNATIONAL has *acquired the* Agifa group, a private exhibition company in Switzerland.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetables.

TODAY

Interims- ASD, Andaman Resources, Berry Starquest, British Mohair, Daniels (S), *Elys* (Wimbledon), McLaughlin & Harvey, Sema.
Finals- Associated Nursing Services, Automagic, Walker (Thomas).

FUTURE DATES

Interims-	
Capital & Regional Props	Sep. 27
England (J)	Sep. 20
F & C Pacific Inv Trust	Sep. 27
Goout	Sep. 28
Hornby	Sep. 20
Serif Cowells	Sep. 25
Worcester	Sep. 26
Finals-	
Hays	Sep. 24
Lloyds Thompson	Sep. 24
Sheldon Jones	Sep. 20
Sinclair Goldsmith	Sep. 27
Waterman Partnership	Sep. 21

هكذا من الاصل

McVITIE'S HOB-NOBS · KP LOWER FAT CRISPS · KEEBLER MAGIC MIDDLES · CALLARD & BOWSER TOFFEES ·

ROSS STIR FRY · McVITIE'S PENGUIN · KP HULA HOOPS · KEEBLER RIPPLIN'S · TERRY'S CHOCOLATE ORANGE · KP DRY ROASTED PEANUTS · CARR'S TABLE WATER · BRANNIGAN'S NUTS

A PROVEN RECIPE FOR SUCCESS.

Interim results highlights (unaudited)

	1990	1989
Sales	**£1,399.9m**	£1,398.5m
Trading profit	**£92.6m**	£88.3m
Profit before tax	**£83.0m**	£75.7m
Earnings per share		
Undiluted	**12.2p**	11.4p
Fully diluted	**11.6p**	10.8p
Dividends per share	**5.3p**	4.9p

Our recipe for success is to concentrate our resources in areas in which we can excel – areas in which we have proven expertise and strong market positions.

As a result we have an international portfolio of highly successful brands in the snack, confectionery, frozen and chilled food, and biscuit markets.

Naturally, not all of these markets will grow or perform evenly. One benefit from this strong portfolio is that it enables us to make consistently good overall progress, as our first half results show.

Whilst commodity price increases adversely affected Ross Young's performance, there were excellent results from KP and Keebler, both increasing their share of fast-growing snack markets. This, together with continuing profit growth by McVitie's and Terry's, enabled the group to increase pre-tax profit by 10% and the interim dividend by 8%.

With our many famous brands going from strength to strength, United Biscuits has the recipe to provide shareholders with continued dividend growth.

UNITED BISCUITS

A business inspired by consumers

The Interim Report will be posted to shareholders on 18 September. If you would like a copy please write to Group Communications Department, United Biscuits (Holdings) plc, Grant House, PO Box 40, Syon Lane, Isleworth, Middlesex TW7 5NN. Tel. 081-560 3131. The directors of United Biscuits (Holdings) plc accept responsibility for the contents of this advertisement, which has been approved for the purpose of Section 57 of the Financial Services Act 1986 by Ernst & Young, Chartered Accountants, a firm authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

· KEEBLER WHEATABLES · KP DISCOS · VERKADE CAFE NOIR · YOUNG'S PRAWNS · KEEBLER POP DELUXE ·

TERRY'S ALL GOLD · ROSS VEGETABLE GOURMET · McVITIE'S BOASTERS · THE REAL McCOY'S · McVITIE'S PIZZA SLICES · KEEBLER RAINBOW CHIPS DELUXE · McVITIE'S CHOCOLOVA · CROKY CHIPS ·

UK COMPANY NEWS

Sirdar down 26% but maintains dividend

By Mani Deb

A DIFFICULT year in the hand-knitting yarn market contributed to Sirdar, the specialist textiles group, recording a 26 per cent drop in taxable profits for the year to June 30.

Pre-tax profits totalled £5.3m (£7.2m) on turnover slightly lower from £56.15m to £54.37m. Interest payable rose 24 per cent to £1.2m (£912,000), and tax took £2.13m (£2.71m).

Mrs Jean Tyrrell, chairman, said it was a very good year for floorcoverings but another difficult year for hand knitting yarn.

Group borrowings rose mainly because of the purchase of Tilsa Yarns and the increased working capital required in the venture.

Capital expenditure was slightly increased to £2.3m.

Earnings per share fell to 5.91p (8.44p), but an unchanged final dividend of 3.5p is recommended, making 5.15p (same) for the year.

ABP rises 24% to £30m aided by ports strength

By David Owen

SOARING MARGINS in the ports and transport division enabled Associated British Ports to overcome a sharp downturn in property and report a 24 per cent advance in interim profits.

The country's largest port operator raised pre-tax profits from £24.5m to £30.5m in the six months to June 30. Turnover slipped from £103.3m to £97.5m.

Sir Keith Stuart, chairman, attributed most of the improvement in margins "in one way or another" to the abolition of the National Dock Labour Scheme.

Turnover in ports and transport increased nearly 13 per cent to £91.1m (£80.9m), principally due to the effect of last year's £27m Red Funnel acquisition.

ABP said it was no longer directly involved in cargo handling at several of its larger ports. "A natural consequence of getting out of cargo handling is that the revenue we earn is much more predictable . . . It is infinitely less risky; a lot of our business is underwritten by traffic guarantees." Profits from the division more than doubled to £29.7m (£12.6m).

Property-related turnover tailed off to £6.4m (£22.4m). The £2m profit compared with £10.4m previously.

An extraordinary charge of £7.9m related to severance costs of former registered dock workers, and a similar charge is expected in the second half.

Another £1.6m relating to other voluntary severance payments was deducted from operating profit.

Interest charges of £1.2m compared with £1.5m received in the first half of 1989.

Earnings per share climbed to 11.4p (9.5p). An interim dividend of 2.75p (2.25p) is declared. The shares slipped 4p to 224p.

● COMMENT

It is now clear that the timing of the Dock Labour Scheme's demise was fortuitous for ABP: funds that would once have disappeared into dockers' pockets are now bolstering profits and have more than offset the impact of the property downturn. As recently as 1988, it should be remembered, the respective profit contributions of property and port operations were about equal.

Nonetheless, the extent of the group's exposure to the sickly property sector should not be underestimated: for example, financing costs were much higher than £1.2m if interest capitalised is taken into account. Indeed, at its 1989 year-end, ABP was approximately 100 per cent-geared (although the shareholders' funds calculation admittedly excludes a £189m surplus of port land over book value).

The results of a planned revaluation of port properties – to be reported in the full-year accounts – will be awaited with interest. Assuming full-year profits of some £68m, the prospective multiple of about 9 fairly balances the bullish outlook for the port business with the more uncertain prospects for property.

Brake Bros up 30% but slowdown seen

By Clay Harris, Consumer Industries Editor

BRAKE BROS, the Kent-based specialist supplier of frozen food to the catering industry, increased pre-tax profits by 30 per cent to £6.28m in the six months to June 30.

The advance from £4.82m in the 1989 half was achieved on turnover ahead by 34 per cent to £89m (£66.4m). With earnings per share rising to 8.9p (6.9p), the interim dividend is lifted to 1.5p (1.2p).

Mr Frank Brake, managing director, said the company expected further growth in the second half, but it was unlikely to match the pace of the the first six months.

He said he was neutral towards Booker's proposed takeover of Fitch Lovell, another food services group, because it would not change the competitive position in the frozen sector, in which Brake has the largest market share. The Booker-Fitch deal has not yet received regulatory clearance.

Brake spent £3.6m on capital investment, excluding acquisitions, in the first half. The total may reach £12m in the full year. The company already complies with new temperature controls which come into force next year, so no further spending will be needed on that score.

It has spent £4.2m on acquisitions since July 1989. Excluding these businesses, which made a small profit in the half

year, underlying sales growth was close to 25 per cent.

The two latest purchases were Elmdale Foods, a producer of prepared foods for the public sector, and Caterfrost, a Scottish supplier of frozen food to caterers.

NEWS DIGEST

J Haggas declines to £0.73m

A SHARP fall in taxable profits, from £1.7m to £733,000, was announced by John Haggas, the West Yorkshire-based worsted spinner, for the year to June 30.

Directors are proposing to halve the final dividend to 1p for a 2p (3p) total. Earnings per 10p share fell to 1.93p 4.67p.

Turnover was only slightly lower at £36.52m (£36.96m) with manufacturing ahead from £29.61m to £32.44m. However, profits from that side fell to £1.95m (£2.81m). Retail activities suffered losses of £1.22m (£1.11m) on a reduced turnover of £4.09m (£7.35m).

After the dividend distribution, losses amount to £15,000 (£364,000 profit).

Bletchley Motor hit by interest charges

Higher interest charges pulled down the pre-tax profit at Bletchley Motor Group from £475,000 to £328,000 in the half year to June 30.

Turnover rose 16 per cent to £27.91m (£24.03m) and produced a profit of £979,000 (£935,000). Interest took £651,000 (£460,000).

Sales in the garages increased 15 per cent and profit before interest by 25 per cent. The refurbishment programme had been a contributory factor and would continue, said Mr David Dunn, chairman.

Profits also increased by £73,400 following the revision of the useful economic life of the commercial vehicle fleet.

The disruption caused by the move to a larger site in Buckingham affected the results for the first five months, and BMG Rentals made a lower contribution because of reduced demand, particularly in the commercial sector.

As to prospects, Mr Dunn said "if the economy allows I would hope that actions we have taken will allow us at least to match last year's results." Pre-tax profit in 1989 was £705,000.

Earnings per share for the first half were 6.7p (9.9p), but the interim dividend is up to 4.1p (3.75p).

Huntleigh Tech aims for record year

Huntleigh Technology yesterday announced interim profits up 81 per cent from £377,000 to £684,000 and the directors said they expected to announce record results for the year.

Sales in the first half to June 30 rose 13 per cent to £8.26m (£7.32m) and interest payable was cut back to £67,000 (£112,000). The USM-quoted company makes instrumentation and control systems for industrial and medical applications.

The interim dividend is increased by 0.5p to 1.25p on earnings per share up 78 per cent to 5.1p (2.87p).

Mr Rolf Schild, chairman, said the healthcare division should see further growth in the second half and the relocated instrumentation division was expected to achieve significantly higher sales volume.

Swallowfield nearly halved to £633,000

The reduction in high street spending and higher interest charges resulted in profits nearly halved at Swallowfield, the USM-quoted aerosol manufacturer, in the first half.

Sales were up 21 per cent from £7.53m to £9.11m in the 24 weeks to June 16, but operating profit declined to £930,000 (£1.16m). Net interest payable surged to £297,000 (£29,000), leaving taxable profit at £633,000 (£1.13m).

The interim dividend is maintained at 2.2p on earnings per share of 4.2p (7.6p).

Mr Terry Organ, chairman, said prospects for the second half were good, with orders at Aerosol International above last year and Cosmetics Plus coming into profit.

Abingworth makes £8m capital gain

Abingworth, mainly a venture capital investor, increased its liquidity in the year ended June 30 1990 in the run up to its liquidation, proposed for the autumn of 1991.

Realisations totalled £13.2m, of which £3m came from the UK portfolio and the balance from sales of US investments. In aggregate they gave rise to a net gain of £8.3m over cost. The cash generated was principally invested in gilts.

No new investments were being made, unless they could be realised by the autumn of 1991; but support to existing investments was being given.

At June 30 some 27 per cent of the net asset value was in gilts or cash and a further 31 per cent in quoted securities. Net asset value stood at 379p, compared with 358p at end-December and 360p in June 1989.

Earnings per share for the year were again 1.9p, and the dividend is held at 1.5p. Dividends and interest received came to £1.4m (£1.14m) and net revenue to £383,062 (£386,435).

Lower margins limit Abbeycrest to £1.5m

Abbeycrest, a silver and gold jewellery manufacturer, reported pre-tax profits for the six months to the end of June up 4 per cent at £1.53m, against £1.47m. Turnover increased from £17.29m to £21.47m, a rise of 24 per cent.

Mr Michael Lever, chairman, said that margins had been hit in a competitive market and the costs of its large development programme had been taken above the line. The net interest charge increased to £237,000 (£27,000) the result of high interest rates and unusually early gold fixing.

Tax took £527,000 (£538,000) leaving earnings per share of 4.3p (5.5p) basic or 4.2p (same) fully diluted. The interim dividend is unchanged at 1.2p.

UK COMPANY NEWS

Coats Viyella at £54.9m and maintains interim

By Maggie Urry

INTERIM RESULTS from Coats Viyella, the textile group, proved to be not as bad as the stock market had feared and the shares rose 8p to 99p. Pre-tax profits of £54.9m, were only slightly down from the £55.2m reported for the first half of 1989.

Investors were also relieved to see the 3p interim dividend maintained, hoping that the final would be held too.

Sir David Alliance, chairman, said profits would have been £1.9m higher but for variations in exchange rates, and "would have been well ahead of last year" but for a sharp fall in profits from Brazil, where the new Collor administration is trying to bring down hyper-inflation by painful methods.

The figure benefited from a swing on the pension fund from a charge of £4.8m to a credit of £3.1m, although gains on fixed asset sales and other exceptional items were slightly lower at £3.9m (£4.2m).

Below the line, the group has accounted for both the interest and the possible payment of a premium on early redemption of the £98m convertible preference share issue.

This added £6m to minorities, which amounted to £8.6m (£3m). The effect of providing for the put option was to cut earnings per share by 0.5p,

Sir David Alliance: sharp fall in profits from Brazil

while a higher tax charge also depressed earnings, which were down 21.1 per cent to 4.98p.

Sir David said all the overseas regions increased profits except for South America. High interest rates hit business in the UK.

He said the group's international spread gave some protection against problems in the UK, where Coats has cut back some businesses while investing in others so that "core businesses emerge strongly from the present difficult period" he said.

The group's net interest charge fell from £10.6m to £6.3m, helped by a shift to dollar debt and dividends from the group's 29.9 per cent stake in Tootal, left from the bid agreed last year between the two but later abandoned. Balance sheet gearing fell from 24 per cent to 21 per cent at the half year date.

● COMMENT

These figures were not quite as good as they look, but a lot better than they might have been. And analysts were encouraged both by the group's more conservative accounting and greater openess on the numbers. Now into its third year of recession, Coats has not only survived but overcome more than its fair share of bad luck. The shares have underperformed the market drastically over the last three years, and though that may not be reversed quickly, these figures should at least mark the bottom. A renewed bid for Tootal is looking less likely, and another write down of the stake possible. Without a bid, the strong balance sheet and positive cash flow makes the final dividend safe, barring fresh disasters. A 12 per cent yield is more of a prop in the short term than a sub-9 p/e, on forecasts of £120m (137.4m).

Systems Reliability £13m sale

By Nigel Clark in London and Ronald van de Krol in Amsterdam

SYSTEMS Reliability Holdings, the Luton-based computer services company, is pulling out of personal computers with the sale of its Corporate Computers division to VRG, the Dutch paper and printing equipment group.

The company also announced pre-tax profits for the first half of 1990 up 66 per cent to £5.01m (£3.02m). During the period the company made four acquisitions.

Mr Robert Evans, chairman, said that Corporate Computers no longer fitted into the group's strategy and would release funds for further expansion. VRG is paying a total of £13m, made up of £9m to be paid on completion, the repayment of £3m of inter-company debt and a deferred payment of £1m.

The effect of the sale would be to increase net assets by about £9m and reduce net debt by about £15m. Corporate contributed 1989 pre-tax profits of £1.36m, about 17 per cent of the group total, on turnover of £35.9m and had net assets at the end of the period of £759,000.

The acquisition is part of efforts by VRG, the largest paper wholesaler in the European Community, to strengthen its business systems division, which accounts for about 20 per cent of annual turnover.

Group turnover for the six months was more than doubled from £44.61m to £95.35m. The pre-tax figure was struck after a much increased interest charge of £1.19m, against £373,000.

Mr Evans said that with the present mix of activities profits were weighted towards the second half. He added that the first two months of the second half were in line with expectations.

The tax charge was £1.6m (£795,000) on an effective rate up from 26 per cent to 32 per cent. Earnings per share came out at 6.25p (6.21p) and the interim dividend is raised to 1p (0.75p).

The shares closed at 98p, up 1p on the day.

Saatchi rejects buy-out proposals

By Alice Rawsthorn in New York

SAATCHI & Saatchi, the troubled communications company, has rejected proposals for management buy-outs from Siegel & Gale, its design consultancy, and Yankelovich Clancy Schulman, its research company.

Mr Alan Siegel, chairman, of Siegel & Gale, presented formal proposals for a buy-out to Mr Robert Louis-Dreyfus, chief executive of Saatchi, at a meeting in New York on Tuesday.

However, Mr Louis-Dreyfus told Mr Siegel that he had decided not to accept the proposals and that Siegel & Gale would remain within Saatchi for the foreseeable future, but would be able to expand its international operations to Japan and West Germany.

Earlier this week Mr Louis-Dreyfus also rejected buy-out proposals from Yankelovich.

Saatchi has been selling subsidiaries in order to raise capital to reduce its debts.

So far the disposals have been concentrated among its management consultancies, but two other communications companies – Howard Marlboro, the sales promotion consultancy, and McCaffrey McCall, the advertising agency – are negotiating over buy-outs.

The proceeds of the sale of the management consultancies have been disappointingly low.

The consultancies have been able to take advantage of Saatchi's weak negotiating position to secure low prices.

Heywood Williams buys glass group

In a cash and share deal worth about £2.8m, Heywood Williams Group has purchased Garfield Glass of Walthamstow.

Garfield supplies mirrors and mirrored glass products to the home improvement and contract interior markets.

Consideration for the purchase was satisfied by £1.25m in cash, the issue of 235,000 ordinary shares and 585,000 convertible redeemable preference shares.

Recovery under way at Bernard Matthews

By Graham Deller

AFTER THREE years of falling profits, which owed much to nationwide listeria scares and a glut of turkeys, fortunes appear to be on the upswing at Bernard Matthews, the Norfolk-based turkey and meat products group.

In the 28 weeks to July 15, taxable profits amounted to £6.23m, an advance of 66 per cent on the depressed £3.75m recorded in the first half of 1989.

The group's shares improved 6p to 81p yesterday.

"As a direct result of concentrating on our core business we are achieving sustainable efficiency improvements," said Mr Bernard Matthews, chairman. He expected the rate of improvement in profits to continue throughout the current year.

Sales and profits from added value turkey products increased significantly, he added, and more than offset a continued decline in demand for the group's red meat roasts which "reflected the national trend of a reduction in roast meat consumption".

After unhappy detours into areas such as lamb and petfoods, the group is adopting a more cautious line with new products. Test marketing of its fish range was continuing but "it is too early to assess its full potential," Mr Matthews said.

Sales – stagnant for the past three years – showed a 13 per cent improvement to £71.72m (£63.43m) in the first half. The pre-tax line benefited from interest charges sharply reduced at £288,000 (£571,000).

After an estimated tax charge of £2.18m (£1.31m), earnings emerged at 3.22p (1.93p) per share although the later figure was buoyed by the group's buy-in of 800,000 shares during the period.

In a move to reduce disparity, the interim dividend is doubled to 2p.

NEWS DIGEST

Creston falls £0.5m into red

LOSSES AT a subsidiary and related company left Creston, the shopfitting and holding company in the red for the year to June 30. The company said that the results masked excellent performances at Aluminium Profiles and KLG Glass.

The company said that it did not foresee the collapse of two companies to which Aluminium & Timber Securities, its main subsidiary was a supplier.

Taxable losses were £459,000, compared with profits of £588,000. Aluminium & Timber incurred a loss of £330,000 (£539,000 profit) and the loss of the related company increased from £4,000 to £160,000.

The results from the general portfolio were disappointing, the company said, but in line with the performance of smaller capitalisation stocks. Net asset value at the end of the period was 33.29p, against 43.66p a year earlier.

Group turnover was £15.77m (£11.96m). The loss per share came out at 1.92p (3.36p earnings) and the final dividend is cut to 0.3p for a total of 1p (1.7p).

Losses of £0.22m for Firstland Oil

First half pre-tax losses of £219,000 were announced by Firstland Oil & Gas, the USM-quoted exploration and production company. Last time there were profits of £227,000.

The company said it was in a sound financial condition with virtually no debt. It was examining a number of acquisition opportunities but current economic conditions did not encourage the board to make purchases which would alter the financial stability of the company.

For the six months to June 30 turnover was little changed at £325,000 (£352,000). Cost of sales was £282,000 (£331,000) and administrative expenses took £221,000 (£289,000). Losses per share amounted to 1.01p against earnings of 1.26p.

Metsec profit up an 'acceptable' 6%

Metsec increased its pre-tax profit by 6 per cent in the first half of 1990, "an acceptable performance" in view of the economic downturn in the UK and its depressing effect on the group's markets.

The USM-quoted group serves the building products, electronic products, engineering and construction industries. Its turnover rose a little more than 2 per cent to £38.85m (£38m) and the profit worked through to £2.3m (£2.18m).

Earnings per share came to 9.83p (11.07p); the interim dividend is stepped up to 2.7p (2.35p).

Mr Keith Hirst, chairman, said the strategy had been to continue the development of the UK base and to begin the positioning of overseas businesses with strong growth potential to complement the UK activities.

Those businesses should be able to contribute significantly to profitability during 1991 and beyond.

For the rest of the year indications were that growth in profitability would continue, provided there was no further significant weakening of trading conditions.

Sharp rise to £5.7m at Com'ty Hospitals

Community Hospitals Group lifted its operating profit by 18 per cent in the year ended June 30 1990.

But taking in interest received of £541,000, against £1.3m paid, and crediting an exceptional £1.07m, the pre-tax profit surged from £2.35m to £5.7m.

The directors said activities over the past year demonstrated the company's ability to realise opportunities for expansion while maintaining earnings. They looked for continued progress in the current year.

Turnover amounted to £28m (£21.44m) and operating surplus was £4.33m (£3.66m). The exceptional credit arose on the sale of its investment in Caldaire Independent Hospitals.

Earnings per share were 17.3p (11.7p), the exceptional item accounting for 3.3p. The proposed final dividend is 3.3p for a total of 5.2p (4.5p).

Readymix up 77% on steady demand

Good weather and steady demand helped Readymix, the Dublin-based concrete and building materials group, raise taxable profits from I£1.33m to I£2.35m (£2.13m) in the six months to June 30.

The contribution from most products and geographical areas improved over last year, directors said, although there was some weakness in agriculture and housebuilding.

The 77 per cent profits rise came on sales of I£15.19m (I£12.19m), from which cost of sales took I£8.93m (I£7.36m), distribution I£2.55m (I£2.23m) and administration I£1.3m (I£1.17m).

Interest payable was significantly lower at I£69,000 (I£114,000) and tax took I£300,000 (I£172,000).

Earnings per share rose to 5.23p (3p) and an interim dividend of 0.55p (0.4p) is declared.

All-round growth at British Fittings

All divisions of British Fittings Group contributed to an increase of 18 per cent in pre-tax profit for the first half of 1990.

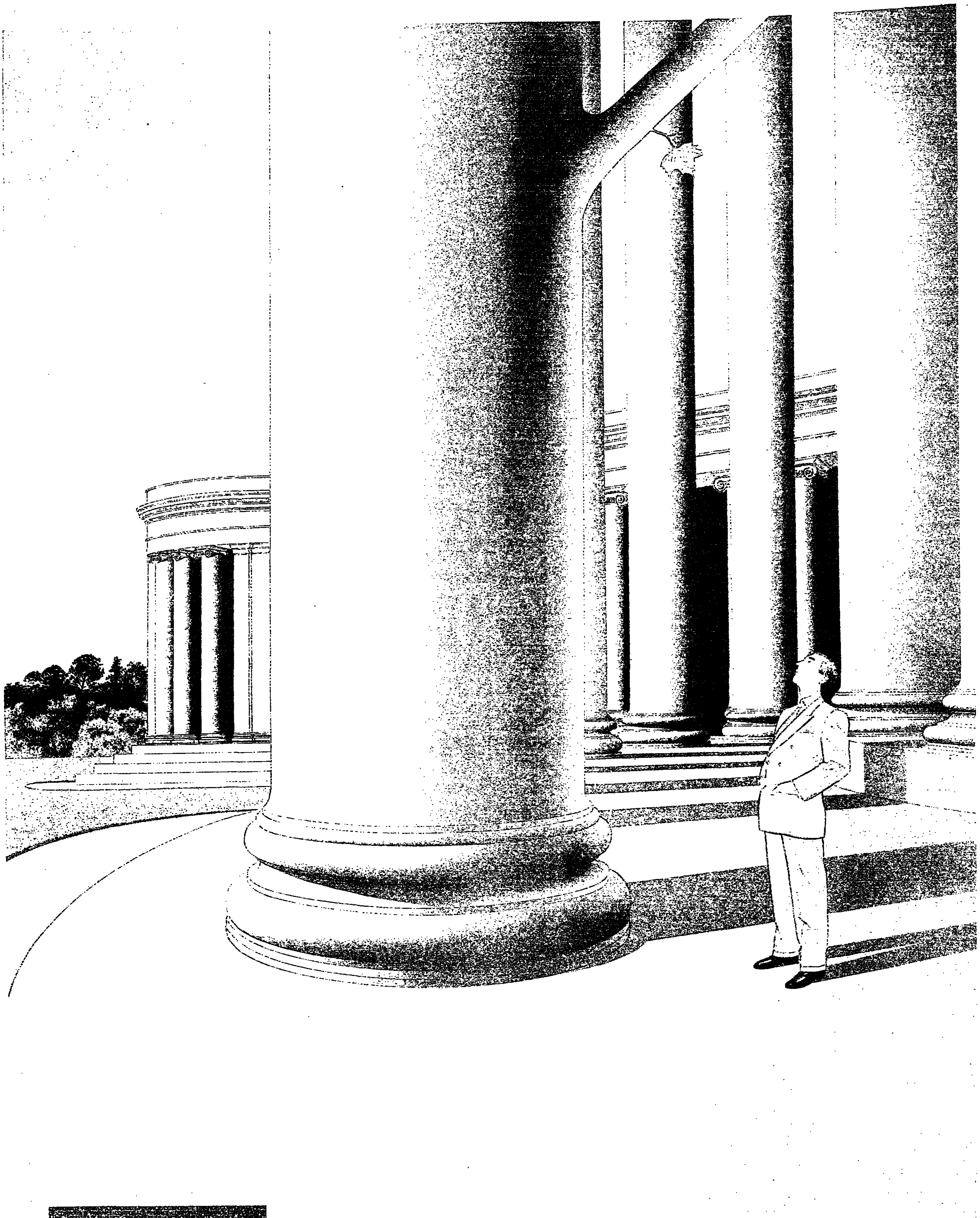
The profit came to £3.3m (£2.79m) and was generated from turnover 20 per cent higher at £42.77m (£35.56m). Earnings per share were 11.01p (10.06p) and the interim dividend is raised to 1.375p (1.25p).

Mr Brian Stanton, chairman, said stockholding and distribution included Bownards (Fareham) for the first time and the division lifted turnover 16 per cent and operating profit 29 per cent to £3.55m.

With the exception of the south-east and East Anglia budgets were exceeded, margins were maintained and costs contained. Trading in the second half was holding the levels achieved to June 30.

High pressure water products included contributions from Martin J Storey and Newlock; they provided £1.9m turnover and £50,000 operating profit to divisional totals of £9.72m and £1.02m respectively. The remainder of the division had a quiet first half; the current period started reasonably well.

The non-ferrous metals distribution subsidiaries made good progress in a difficult market.



هكذا من الأصل

TECHNOLOGY

David Rushby describes how the revolutionary Stirling engine uses energy so efficiently

Making the sky the only limit

Research into an engine originally designed in Scotland in 1816 by the Rev Robert Stirling and his brother, James, an engineer, has been given new impetus from the NASA space programme.

The earliest Stirling machines were used to power water pumps and later for generating electricity. However, problems with poor performance through inefficient seals resulted in development work being abandoned in favour of the internal combustion engine. But in 1948 N.V. Philips, the Dutch electrical company, resurrected the idea of the Stirling machine and used one to operate a generator without an ignition system to power a portable radio.

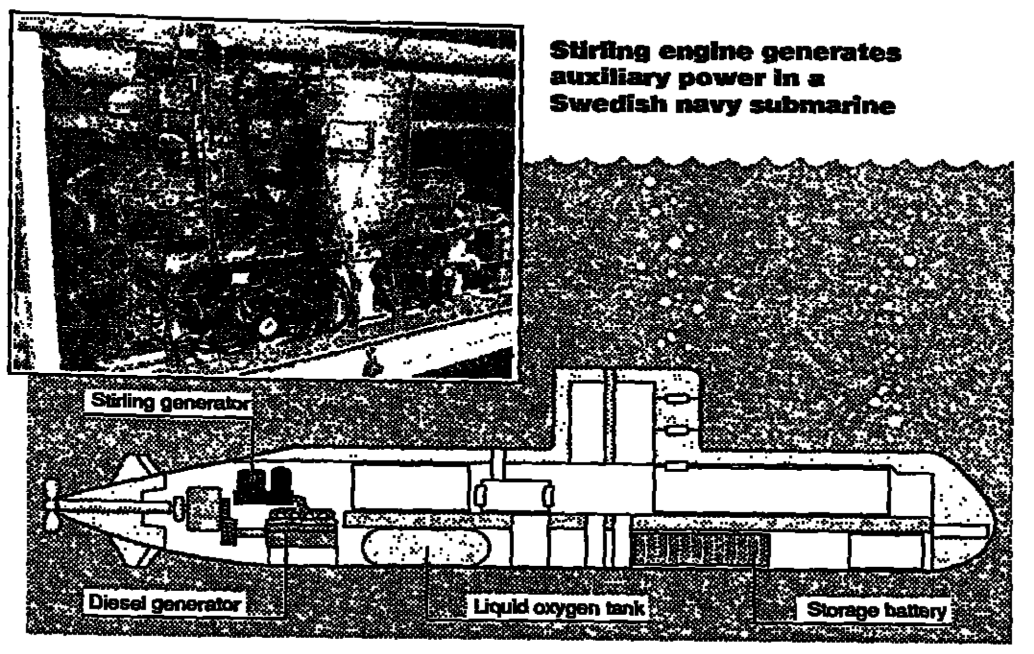
Since then advances in metallurgy and computer systems have led to extensive research work taking place in Europe, the US and Japan. Applications for Stirling machines being developed include heart pumps, CFC-free refrigeration systems, heat pumps and electrical power generation for space missions, terrestrial use and vehicle power units.

The Stirling machine works on the principle of a thermodynamic cycle making use of an external heat source. A piston is used to change the volume occupied by the working gas (usually helium or hydrogen) while a second piston, a displacer, is used to shift the working gas between the hot and cold parts of the engine. By varying the direction of rotation, the thermal input and output, and the work input and output, the machine can be used as an engine, a heat pump or a refrigerator.

The desire to produce a simple machine with the potential for a long working life resulted in the development of the free-piston Stirling engine (FPSE). These engines have only two moving parts and do not rely on oil lubrication with the attendant problems of avoiding the oil and gas from mixing.

Power from a FPSE is produced through a linear alternator, hydraulics or by use of a pump mechanism. The gas chamber is hermetically sealed so there is no need for a shaft seal. The engine runs cleanly, quietly and is almost vibration free because of the continuous combustion process.

The energy efficiency of a Stirling engine approaches the limits set by the laws of thermodynamics and therefore needs less heat energy to generate a given power output. Conventional forms of power generation make use of about 33 per cent of their fuel's energy. Unless there is provision to harness the thermal energy generated, the rest is lost through cooling processes and exhaust gases. Using a Stirling engine for generating electricity and thermal energy from a single source, efficiencies in excess of 80 per cent can be achieved.



Stirling engine generates auxiliary power in a Swedish navy submarine

Typical fuels include alcohol, propane, diesel, coal and agricultural waste. The most environmentally beneficial fuel source is solar energy using a parabolic dish to concentrate sunlight. Solar units incorporate a microcomputer to control tracking, diagnostics, and shutting down the system in an emergency.

Work is being carried out by the Stirling Technology Co (STC) in conjunction with Westinghouse to develop a system capable of delivering 25 kW of electrical power to an electric utility grid. The programme is being funded by the US Department of Energy and is being administered by NASA's Lewis Research Centre.

The prototype system should be operational by 1992 and will have a design life of 30 years. The Department of Energy has projected a cost goal of $450 a kilowatt, exclusive of the concentrator. STC feels that this is achievable.

Similar research is being undertaken by Cummins Power Generation Inc of Columbus, Indiana, a wholly owned subsidiary of Cummins Engine Co, manufacturers of large diesel engines. Cummins' immediate goal is to develop a 25 kW system which will be marketed worldwide. Ultimately, Cummins has plans for plants producing up to 100MW.

NASA's involvement in the STC project stems from the characteristics common to power generation for space missions and solar terrestrial power generating systems.

By the early part of the next century NASA predicts that the amount of electrical power required for space exploration will grow immensely. Space platforms will need to have continuous power of hundreds of kilowatts and some duty cycles will periodically consume many megawatts.

The Lewis Research Centre, NASA's primary power technology centre, has identified the the free-piston Stirling power converter as a likely source of energy for future space exploration as a result of the success achieved with a 25 kW Space Power Demonstrator engine (SPDE). Studies indicate that a FPSE coupled to a linear alternator could produce an electrical output of 500 kW per cylinder. Five years ago, to achieve 3 kW from such an engine was a big success.

Apart from its involvement with Stirling Technology, NASA is sponsoring development work by Mechanical Technology Inc on a dynamically balanced SPDE for electrical power generation in space. MTI's power module incorporates two engines connected head to head with a common expansion space to provide dynamic balance.

Forecasts for commercial applications incorporating Stirling engines range from two to five years, depending on the enthusiasm of the research engineer being asked. Certainly, work is well advanced on power generation and small 4 kW units are operating in India producing electricity. These engines are fuelled by agricultural waste.

According to STC the first big breakthrough is likely to be in commercial refrigeration, where the initial cost disadvantage can be offset by low maintenance and economic running costs. Units should be available in the next two years, followed by domestic refrigeration units within five years.

Experiments using Stirling engines in vehicles are continuing. The US Air Force initiated an evaluation programme which attracted the attention of fleet operators. The engine's multi-fuel capability, low maintenance costs and improved economy with reduced emissions are obvious attractions for such users.

In Europe, development work has concentrated on military applications. Kochums AB, of Sweden, has successfully installed two V4-275R multi-cylinder units in a fully operational Swedish navy Nacken class submarine to generate auxiliary power.

The combustion system of an underwater Stirling engine operates at a constant pressure of 20-30 bar, independent of diving depth, which allows exhaust gases to be discharged from depths of up to 300 metres while the submarine's batteries are recharged.

This is a considerable advantage for conventional diesel-powered submarines which can only remain submerged for 72 hours before having to surface. The low-speed endurance of the Nacken was increased from two or three days to two weeks.

Kochums became involved with Stirling engine development when it purchased United Stirling AB in 1987. United Stirling had been working on several multi-cylinder engines for use in vehicles and in terrestrial solar energy conversion systems.

The main development of Stirling engines is likely to remain in military and space applications where the cost of funding research is not a primary consideration. However, the involvement of such companies as Westinghouse and Cummins in the development of these machines for electricity generation indicates the level of interest for commercial application.

Automated plant left to the experts

ONE OF the first commercial joint ventures to result from the UK Government's Alvey programme of collaborative research into advanced information technology was launched this week. British Gas, SD-Scicon and Salford University Business Enterprises have set up a company, Cogsys, to market industrial automation software based on artificial intelligence technology.

The company's first product, also called Cogsys, is an expert system designed to monitor the operations of complex industrial plants and to provide warnings of possible hazards and advice on areas where efficiency could be improved.

Cogsys is the result of several years' research and development, first under the Alvey programme and then under the umbrella of a co-operative club involving 37 large European companies. Prototype systems are running at a CMB Packaging Technology factory making plastic bottles in Wantage and at a gas synthesis plant in British Gas's Midland Research Station.

The system runs on DEC Microvax computers. It can analyse several thousand external variables (for example, readings from sensors on factory equipment) simultaneously and almost instantaneously. Using artificial intelligence Cogsys can make deductions about the state of the plant which would be beyond the grasp of human operators. In the extreme case of a computerised plant suddenly going out of control, Cogsys could tell the operators what to do to prevent a serious disaster.

The software network unites

DISTRIBUTED computing – with users sharing software across a network of different machines – is expected to be one of the great growth areas of information technology in the 1990s. But users of traditional IBM mainframes still face formidable difficulties in linking these to products from other manufacturers in a "local area network", because the companies use different standards.

A US company, Netwise of Boulder, Colorado, has developed a technology called Remote Procedure Call that helps to overcome the incompatibility problem. RPC provides programmers with a simple automated mechanism with which software can be written for use in computing environments with hardware from different sources (a typical mixture might include IBM mainframes, DEC minicomputers and both Apple and IBM-compatible personal computers).

RPC makes the programming task much simpler by removing the requirement for programmers to write their own interfaces to link each different system in the network. It has been endorsed by several leading US computer companies including Sun, the workstation manufacturer, and Novell, the networking software developer.

Playing by a new set of trade rules

ONE of the last barriers to the introduction of western-style commercial computing in eastern Europe has disappeared, with the decision this week by the US Department of Commerce to give an unrestricted export licence for the latest version of Unix, the standard computer operating system.

Unix Europe, a subsidiary of AT&T, also says it will no longer have to sell an emasculated international version of Unix System V without the password security feature. The same source code will now be available to US and non-US customers.

The company will begin licensing Unix to eastern European countries as soon as it is satisfied they have an adequate legal framework to protect intellectual property and a mechanism for users to pay royalties.

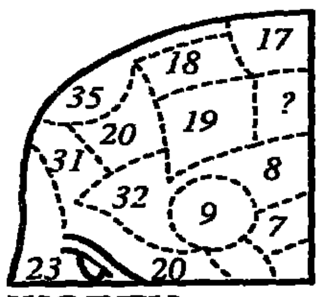
COCOM, the committee of western governments which controls the export of technology to eastern Europe, has relaxed its stance over recent months. For example, it has already approved the export of personal computers based on Intel's 80386 microprocessor as part of a general licence; the supplier no longer has to make a specific case for selling each machine to a designated buyer.

Water jets fly away with paint

LUFTHANSA, the German airline, has found an environmentally harmless way of removing paint from aircraft surfaces without chemical strippers, by using water jets, Lynton McLain writes.

Water at 500 times atmospheric pressure is sprayed at an acute angle to the aircraft surface, forcing its way under the paint and removing it. Instead of toxic chemicals, the only residues are paint particles which can be filtered out of the water.

Clean water replaces the 2.5 tonnes of stripping agents such as methylene chloride and phenol that are needed to strip an Airbus A300 airliner. A new DM 165m (£56m) paint hall to use the "aquastripping" process is being built by Lufthansa in Hamburg for completion in 1992.



WORTH WATCHING

by Clive Cookson

Young Engineer for Britain

Burnt barbecue sausages led 13-year-old Ben Scammell to the Young Engineer for Britain title this week. His Cookmate invention is an electronic device which indicates when a barbecue is at the correct temperature for cooking.

The Engineering Council, organisor of the competition, says Cookmate, which gives an audible signal and actually speaks a warning when the required temperature is reached, has great potential for a wide range of applications in industry and the home to warn of changes in heat, resistance or speed.

Ben was one of 42 national finalists, aged between 11 and 19, who were selected from 400 youngsters at 11 regional finals staged throughout the country.

Contacts: Cogsys: UK, 061 745 7604. Netwise: US, 303 442 8280. Unix Europe: UK, 081 567 7711. Lufthansa: Germany, 040 35950. Engineering Council: UK, 071 240 7891.

MacSharry tells farmers subsidies may be reduced

By Lucy Kellaway in Strasbourg

BRUSSELS will not tolerate a return to the days of ever mounting agricultural surpluses, Mr Raymond MacSharry, the European Community agriculture commissioner, said yesterday.

He warned that unless market conditions improved, farmers would face less generous subsidies next year. However, in the short term the Commission would continue to support the market, buying in meat and dairy produce, he said, and farmers would find their incomes protected.

During a debate in the European Parliament in which British MEPs bewailed the fate of British lambs in the hands of French farmers, Mr MacSharry said the chief cause of the glut was overproduction by Britain and Ireland. Production at this rate was not sustainable either in terms of the market, or of the Community's budget.

Mr MacSharry criticised especially butter producers, who he said were continuing to increase their production, selling their additional stocks to the community, while at the same time spending heavily on marketing substitutes to butter.

"Companies are producing butter that they know the Commission will buy, so it is not in their interests to market it." If this went on, he said the Community would end up with 1m tonnes of butter in intervention. "I'm not prepared to tolerate that," he said.

For this year the present problems in agriculture, in milk, in beef, lamb and cereals, could be comfortably met by the EC budget, which he said for 1990 would probably be undershot by about Ecu 1.5bn.

However, if production continued to increase the commission would act to stabilise production, which he said would be in farmers' long term interests.

Mr MacSharry disputed the farmers' contention that large imports from East Europe were making the position worse. Were this the case, prices would have fallen most sharply in West Germany

Mr MacSharry, who will meet French and British farmers in Brussels today, said that lamb farmers had had their income fully protected through the lamb premium, and that although British and Irish farmers had faced a shortfall, it was a modest one.

Mr Henri Nallet, the French Agriculture Minister, yesterday announced a "significant emergency aid plan" for livestock farmers hit by the fall in beef and lamb prices. Mr Nallet, who has already announced a further FFr1.2bn package, gave no details of his new plan.

While he spoke, farmers clashed with 1,000 riot police in Nevers, the home town of Mr Pierre Bérégovoy, the Finance Minister. Officials said eight police were injured while dispersing 8,000 protesters.

Milk hormone licence refused

By Bridget Bloom, Agriculture Correspondent

THE chequered fortunes of the milk yield-boosting hormone, bovine somatotropin (BST), received a further blow yesterday when the British scientific committee responsible for approving veterinary medicines refused to license a new BST product from the US Monsanto Corporation.

The committee is also understood provisionally to have refused a licence for a second BST product from the other major US manufacturer, the Eli Lilly Company.

BST is one of the most controversial of the new products derived from the gene-splicing techniques of bio-technology. The two US companies, which are leaders in the field, are thought to have spent well over $250m a year over the last few years on research into such techniques, much of it on BST.

The companies have applied for BST licences in France, Italy and the UK as well as in the US, so far without success. An effective ban on the use of BST in the EC is in operation, although the UK is the first member state to refuse a national licence.

Yesterday's decision, announced by the UK Veterinary Products Committee (VPC) which advises the government on the safety, quality and efficacy of veterinary medicines, was heralded a month ago and confirmed yesterday. It is probable that the decision on the Eli Lilly product will be similarly confirmed later.

The VPC said that while it was satisfied on the human safety aspect of the new hormone, it had reservations on "some pharmaceutical aspects of the product (and) with aspects of the safety of treated animals."

Mr Robert S Deakin, director of Monsanto's animal sciences division in Europe, said yesterday that the company would appeal against the decision. However, because it is not expecting to receive details of the VPC's objections until early October, this may take time.

Mr Deakin said that Monsanto, whose trials of BST in the UK are now in their fifth year, was confident that it could satisfy the VPC. "This product is the first of a new generation and it is entirely appropriate that it is subjected to the most rigorous evaluation for licence," he said.

Prices for grain futures tumble

By Barbara Durr in Chicago

GRAIN futures prices fell across the board yesterday after a production report by the US Department of Agriculture that said wheat and maize would have record yields this year.

The USDA estimated on Wednesday that the 1990 harvest of maize, the most important American grain crop, would rise an unexpected 3 per cent to 8.12bn bushels. Maize yields were projected at a record 121.7 bushels per acre, four bushels greater than had been estimated last month.

The report drove down maize futures prices on Thursday morning at the Chicago Board of Trade (CBOT) by more than 6.25 cents for the September contract and 6.75 cents for the December contract. Analysts predicted that maize futures could go substantially lower in the days to come.

The estimated production of wheat, which already was expected to be a bumper crop, rose a further 2 per cent to 2.76bn from the USDA's August report. Wheat futures, which are priced in relation to corn because both are feed grains, dropped 5.5 cents in mid-morning trading.

Soyabean futures joined the grain parade downward with a decline of about 4 cents despite a USDA crop forecast of 1.83bn bushels which was essentially the same as last month.

The production report shifted upward largely because of excellent growing conditions this summer in the Midwest's grain belt.

Canada due to start first offshore oil projects

By Bernard Simon in Toronto

CONSTRUCTION of Canada's first two offshore oil projects is expected to start within weeks following the conclusion of financing and production arrangements for the Hibernia field off Newfoundland, and Nova Scotia's smaller Cohasset and Panuke fields.

The go-ahead for the C$5.1bn ($5.92bn) Hibernia project will be announced in St John's, Newfoundland today by the federal and provincial governments, and a consortium of four oil companies led by Mobil Oil.

The other participants are Gulf Canada, Chevron and state-owned Petro-Canada. Hibernia, which is located about 310 kilometres south east of St. John's, is expected to start production in 1996 at a rate of 110,000 barrels a day. Its recoverable reserves are estimated at almost 900 million barrels, giving the field a life of about 18 years.

The federal government will provide up to C$1bn in grants and C$1.7bn in loan guarantees in support of the Hibernia project.

In addition, Newfoundland has offered numerous financial incentives, including cuts in provincial sales taxes on construction materials. Development of Hibernia will give a much-needed fillip to the economy of Newfoundland, Canada's poorest province.

The concrete base as well as one of five modules for the production platform will be built locally. A substantial amount of other work will be reserved for Canadian suppliers.

Meanwhile, Amoco, the US oil company, has reached an agreement with the Soviet Gas Concern that could lead to development of gas resources in the Soviet Union, writes Steven Butler. Amoco said yesterday that it would study the feasibility of developing several fields in Western Siberia jointly with Soviet organisations.

An agreement spelled out the terms of an eventual joint venture.

Correction

THE third column in the table giving figures for Soviet oil exports to eastern Europe on yesterday's page should have been headed 'Total exports,' and not 'Total shortfalls.' Owing to a transcription error, the figure for exports to Hungary was incorrectly stated as 0.006; it should have read 6. Czechoslovak total oil imports for 1989 were nearly 20m tonnes, and not 200m tonnes, as stated in the story.

Codelco seeks joint copper mine ventures

By Leslie Crawford in Santiago

CODELCO, the state-owned Chilean copper corporation, is lobbying for a law that would allow it to establish joint mining ventures with private-sector companies or sell ore bodies it cannot exploit.

It is currently barred from doing both these things by Chile's 1980 constitution, drafted under military rule.

Codelco's new management, appointed by the civilian government that took office in March, wants to shake off these legal restrictions in order to transform the world's biggest copper producer into a modern, competitive company.

Mr Alejandro Noemi, Codelco's chief executive, told Congress last week that he was seeking a law that would allow Codelco to "sell, rent or form joint ventures with domestic or foreign partners."

Mr Noemi made it clear that Codelco would continue to run its four divisions, Chuquicamata, El Teniente, Salvador and Andina.

However, there were other ore bodies which remained untapped because Codelco lacked the resources to develop them on its own.

Codelco presented a draft bill to the Mining Ministry this week and the law is expected to make its way to Congress in October.

Mr Juan Hamilton, the Mining Minister, believes Codelco needs more flexible rules to allow it to diversify and expand.

He is already planning to give the four divisions more autonomy in running their affairs. At present, all investment plans have to be approved first by Codelco's board in Santiago, and then by the mining and finance ministries. This bureaucratic logjam delays important decisions and frustrates management at the mines.

Top of Codelco's list for potential joint ventures is its El Abra copper deposit, which lies 50km north east of Chuquicamata.

El Abra has 500m tonnes of proven reserves, with an ore grade of 1 per cent. Codelco estimates about $250m would be needed to develop the open-pit mine, which could produce 150,000 tonnes of fine copper a year.

Pampa Norte, only 8km north of Chuquicamata, bears similar characteristics to El Abra and would require another $250m to develop. However, because of the deposit's proximity to Codelco's biggest division, the company is considering exploiting the ore body on its own.

On a much smaller scale, Codelco also owns the Altamira deposit north of the Salvador division in the Third Region. Altamira's has only 8m tonnes of proven reserves, but its high ore grade of 1.7 per cent makes it an attractive project. Codelco estimates the mine could enter into production with an investment of about $20m. This is one of the deposits Codelco would like to sell.

Codelco's proposed legislation is expected to sail through Congress.

Chile's right-wing opposition has already spoken favourably of such an initiative and the left flank of President Patricio Aylwin's 13-party coalition has no objections.

New Chilean smelting complex considered

By Leslie Crawford

SIX OF the world's largest mining companies are studying the possibility of building a new copper smelting and refining complex in Chile.

They are Codelco, the Chilean Copper Corporation, Broken Hill Proprietary Company of Australia, Britain's Rio Tinto Zinc, Shell Oil, Anglo American of South Africa and Outokumpu of Finland.

A feasibility study for the $450m complex, which would refine 640,000 tonnes of copper concentrates a year, was completed this month. The partners have given themselves until the end of the year to decide whether to go ahead. The next step involves choosing the technology, location and financing options.

The project was prompted by the many copper mines which are due to begin production in Chile over the next five years. The country's six refineries, which are old and plagued with problems, cannot process all the copper mined. They have a joint capacity of 1.1m tonnes of fine copper per year, and in 1989, 30 per cent of Chile's 1.6m-tonne output had to be sold to foreign smelters in the form of copper concentrates.

By 1995, Codelco estimates Chile will be producing 1m tonnes more fine copper than the country can process.

The Chilean government, which owns Codelco, is keen to reduce its dependence on foreign smelters. Tolling charges have doubled with the high prices of copper in the last two years, and this has reduced Codelco's profits. The concentrates market is dominated by Japanese smelters, which own more than half of the world's processing capacity, and Chile feels vulnerable in the face of their purchasing power.

The price of concentrates, which contain 30 per cent copper, fluctuates more widely than that of refined copper, which is traded on the London Metal Exchange.

This year, Codelco "postponed" negotiations with foreign smelters, mostly Japanese, in an effort to bid down refining charges. The strategy worked, aided by forecasts of a large shortfall in the availability of concentrates next year, and the smelters dropped their charges from 25 cents per lb to 15 cents per lb.

The other companies involved in the new refinery project also have big copper concerns in Chile.

BHP and RTZ are the main owners of La Escondida, which will be Chile's biggest private copper mine when it comes on stream in December. Most of La Escondida's planned annual production of 320,000 tonnes is already tied up for delivery to smelters in Japan and Europe, but the mine could easily increase its output.

The other main owner of La Escondida, a consortium of Japanese smelters led by Mitsubishi, is not interested in backing a refinery in Chile. A spokesman for Mitsubishi in Santiago said the company planned to build a smelter in Texas. It was waiting for the necessary environmental permits to proceed.

Outokumpu is investing heavily in Chile and has bought rights to the Zaldivar copper deposit near La Escondida. Shell is developing a copper and silver project in the far north. Anglo-American owns the Mantos Blancos mine outside Antofagasta.

The talks between these six heavyweights were well advanced when Enami, the Chilean state smelting and refining company, decided to launch a rival plan. Enami and three foreign companies, including Lac Metals of Canada, signed an agreement in August to carry out a feasibility study on a new smelting complex to be sited in the north of Chile.

Enami, which already operates two industrial smelters in Chile, says its project would cater for small and medium-sized copper mines such as Lac Mineral's Compania Minera San Jose.

The emergence of a rival plan has embarrassed Mr Juan Hamilton, the Chilean Mining Minister, who has said that there is no room for two new copper refineries. He is trying to persuade both groups to join forces in one unified project.

Cuban nickel decision will hit Soviet Union

By Tim Coone in Havana

CUBA'S decision to shut down its newest nickel production facilities earlier this month as part of an emergency energy-saving programme will cause a major disruption in supplies of the metal to the Soviet Union, its principal customer.

The Ernesto Che Guevara plant, at Punta Gorda near Moa, has a potential output of 30,000 tonnes per annum of nickel sinter and oxide, but was closed indefinitely early in September to conserve Cuba's oil stocks which have sharply diminished because of a Soviet decision to reduce supplies.

The plant, which has suffered long construction delays, has only begun producing significant quantities of nickel since 1988. This year it was scheduled to supply17,000 tonnes to the USSR but its surprise closure will leave the Soviets with a shortfall of about 5,000 to 6,000 tonnes for the year, forcing them to look for supplies elsewhere.

According to one Cuban official, most of the plant's 4,000 workforce have already been laid off and transferred to nearby agricultural projects. A shadow has also been cast over the future of another 30,000 tonnes-per-annum plant under construction at Camariocha with Soviet finance and assistance, and which uses the same technology as the Ernesto Che Guevara plant.

Both plants use an ammonium carbonate leaching process, which is considered to be the most appropriate for separating the nickel from iron in the laterite ores which are found in Cuba.

Drying the ore and the leached sediments however, requires about 15 tonnes of fuel oil for every tonnes of nickel produced, making it a major industrial consumer of Cuba's increasingly scarce oil supplies.

Production is unlikely to resume until Cuba and Soviet Union have sorted out their future trade relations, which as of next year will be based on free market prices.

The Soviet Union supplies Cuba with 95 per cent of its annual oil import requirement of 13m tonness. However, in the first eight months of the year it reduced supplies by 2m tonnes because of its own domestic economic problems.

WORLD COMMODITIES PRICES

MARKET REPORT

Aluminium resumed its bull trend on the LME yesterday, cash metal closing at $2,123, the highest level since the end of May last year. In the afternoon the market absorbed profit taking and found support on any dip in prices after rising in the morning on Far East buying, trade short covering and speculative demand. The prospect of a fall in LME stocks over the coming weeks as metal is shipped to Iran and the Far East, coupled with technical tightness caused by a build-up in call option open positions from October through to March, appeared to be the main factors behind the firmness. In contrast copper prices closed lower, reflecting an easing in September tightness. Current high premiums have attracted physical metal into warehouses, dealers said. Comex prices were falling by midday. "I'm not surprised about the slide," said one trader. "The fundamentals don't warrant these (higher) prices." Nickel was under pressure following news of a tentative settlement at Inco's Thompson facilities, with the current labour contract expiring at the weekend. London cocoa prices advanced on market talk of possible problems with financing Ivorian cocoa shipments, traders said.

Compiled from Reuters

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)		+ or -
Dubai	$27.40-7.50w	+.725
Brent Blend	$30.50-0.60w	+.750
W.T.I. (1 pm est)	$31.25-1.30w	+.960
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$417-419	+3½
Gas Oil	$265-267	+6½
Heavy Fuel Oil	$108-110	
Naphtha	$307-310	+6
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$383.75	+2.25
Silver (per troy oz)♣	482c	
Platinum (per troy oz)	$457.00	+0.50
Palladium (per troy oz)	$105.25	+0.25
Aluminium (free market)	$2145	+70
Copper (US Producer)	140.25c	-1.75
Lead (US Producer)	50.0c	
Nickel (free market)	525c	-20
Tin (Kuala Lumpur market)	15.24r	+0.01
Tin (New York)	270.5c	
Zinc (US Prime Western)	81.00c	
Cattle (live weight)†	104.88p	-0.43*
Sheep (dead weight)†	133.60p	-10.1*
Pigs (live weight)†	81.84p	+4.06*
London daily sugar (raw)	$283.6q	-5.8
London daily sugar (white)	$313.5q	-9.5
Tate and Lyle export price	£262.5	-3.0
Barley (English feed)	£114.50	
Maize (US No. 3 yellow)	£149w	
Wheat (US Dark Northern)	£94.2q	
Rubber (Oct)♥	53.25p	+0.25
Rubber (Nov)♥	53.50p	+0.25
Rubber (KL RSS No 1 Oct)	242.0m	+0.50
Coconut oil (Philippines)§	$280.0v	
Palm Oil (Malaysian)§	$282.5w	
Copra (Philippines)§	$200.0y	-2.5
Soyabeans (US)	£152	-1
Cotton "A" index	81.30c	+0.4
Wooltops (64s Super)	435p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Sep/Oct. t-Dec. u-Oct/Dec v-Oct/Nov. w-Oct z-Aug/Sep y-Nov. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX ($ per tonne)			
Raw	Close	Previous	High/Low
Oct	252.80	252.80	255.00 251.40
Dec	241.00	250.00	246.00 241.00
Mar	238.00	237.40	239.40 236.80
May	239.80	238.00	239.80 237.00
Aug	239.20	240.00	240.80 239.20
Oct	240.40	241.00	240.40
Dec	240.00	245.00	240.00
White	Close	Previous	High/Low
Oct	311.0	313.0	313.0 307.7
Dec	305.5	306.0	306.5 303.0
Mar	305.7	307.0	307.0 304.1
May	306.8	307.5	307.0 305.0
Aug	312.0	312.5	312.0 312.0
Oct	305.0	305.7	305.0 305.0
Dec	300.0	302.2	300.0 300.0

Turnover: Raw 2376 (2735)lots of 50 tonnes. White 2624 (2168)
Paris- White (FFr per tonne): Oct 1590, Dec 1604 Mar 1625, May 1660, Aug 1680

CRUDE OIL – IPE ($/barrel)			
	Latest	Previous	High/Low
Oct	31.25	30.63	31.25 30.84
Nov	28.40	28.78	29.50 28.95
Dec	28.05	27.74	28.20 27.90
Jan	27.02	26.90	27.25 27.00
IPE Index	30.56	30.52	30.56 30.52

Turnover: 10623 (15956)

GAS OIL – IPE ($/tonne)			
	Latest	Previous	High/Low
Oct	260.00	254.75	264.50 257.50
Nov	259.50	256.00	263.50 257.50
Dec	258.25	255.00	262.75 257.00
Jan	253.00	250.25	255.50 253.00
Feb	242.00	239.00	246.00 241.00
Mar	232.00	230.00	232.00 232.00
Apr	220.50	218.25	220.50 220.50
May	220.00	215.00	220.00 220.00

Turnover 11649 (12592)lots of 100 tonnes

FRUIT & VEGETABLES
Crunchy Golden Delicious apples remain abundant at 45-55p a lb (45-55p), as do Bramley cooking apples at 25-35p (25-35p), reports FFVIB. Bananas are still good value for money at 40-55p (40-55p), together with lemons at 8-20p each (8-20p). Potatoes are superb quality at the moment with white varieties at 8-12p a lb (8-15p) and red varieties at 10-14p (12-18p). Carrots remain steady at 20-30p (20-30p) as does sweetcorn at 20-30p per cob (20-30p). Tomatoes at 40-55p a lb (40-55p) remain good value, along with celery at 35-50p a head (35-50p). Spring onions at 25-35p a bunch (25-35p).

COCOA – London FOX (£/tonne)			
	Close	Previous	High/Low
Sep	726	712	726 721
Dec	770	752	772 762
Mar	798	784	803 795
May	818	806	823 817
Jul	841	827	845 836
Sep	862	848	863 858

Turnover: 3837 (3336) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Sep 12 979.76 (971.13) 10 day average for Sep 13 993.83 (993.83)

COFFEE – London FOX (£/tonne)			
	Close	Previous	High/Low
Sep	580	587	602 580
Nov	608	607	623 599
Jan	623	623	638 615
Mar	626	627	638 616
May	639	639	655 633
Jul	650	667	669 649
Sep	670	686	670 670

Turnover: 5416 (3527) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Sep 12: Comp. daily 75.68 (76.42). 15 day average 77.37 (77.24)

POTATOES – BFE (£/tonne)			
	Close	Previous	High/Low
Apr	131.6	130.5	133.0 130.5

Turnover 188 (70) lots of 40 tonnes.

SOYABEAN MEAL – BFE (£/tonne)			
	Close	Previous	High/Low
Oct	106.0	105.00	

Turnover 0 (10) lots of 20 tonnes.

FREIGHT FUTURES – BFE ($10/index point)			
	Close	Previous	High/Low
Sep	1200	1165	1198 1185
Oct	1219	1175	1219 1174
Jan	1220	1182	1220 1177
Apr	1220	1183	1220 1185
Jul	1095	1095	1100
BFI	1191	1191	1191

Turnover 208 (183)

GRAINS – BFE (£/tonne)			
Wheat	Close	Previous	High/Low
Sep	111.70	111.50	111.50
Nov	114.00	114.20	114.15 114.00
Jan	118.00	118.30	118.10 118.00
Mar	121.65	121.80	121.65 121.65
May	125.00	125.20	125.10 124.95
Barley	Close	Previous	High/Low
Sep	113.25	109.90	113.30 113.20
Nov	117.50	118.40	117.50 117.50
Jan	120.60	117.60	120.60
May	121.60	121.70	121.60

Turnover: Wheat 180 (420), Barley 178 (109).
Turnover lots of 100 tonnes.

PIGS – BFE (Cash Settlement) p/kg			
	Close	Previous	High/Low
Oct	110.0	108.8	110.0 109.0
Nov	107.0	106.5	107.0

Turnover 37 (17) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)						
	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 19,291 lots
Cash	2122-4	2074-6		2145-6		
3 months	2032-4	2001-2	2062/2025	2048-50	2032-5	72,734 lots
Copper, Grade A (£ per tonne)						Total daily turnover 22,668 lots
Cash	1755-60	1795-7	1812/1755	1780-5		
3 months	1585-6	1603-4	1605/1589	1601-2	1570-1	115,661 lots
Lead (£ per tonne)						Total daily turnover 1,331 lots
Cash	458-8	454-6		457-8		
3 months	462-3	461-2	464/462	464-5	463-4	11,456 lots
Nickel ($ per tonne)						Total daily turnover 2,338 lots
Cash	11200-300	11600-50	11450	11350-450		
3 months	10900-25	11200-25	11100/10800	10850-900	10825-50	6,724 lots
Tin ($ per tonne)						Total daily turnover 994 lots
Cash	5780-90	5800-10		5770-2		
3 months	5900-10	5920-5	5930/5890	5880-5	5920-30	5,715 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 4,109 lots
Cash	1610-20	1605-10	1620/1610	1618-20		
3 months	1510-5	1506-8	1518/1505	1517-8	1505-7	20,095 lots

LME Closing £/$ rate: SPOT: 1.8735 3 months: 1.8433 6 months: 1.8145 9 months: 1.7917

LONDON BULLION MARKET		
Gold (fine oz)	$ price	£ equivalent
Close	383½-384	205¼-205¾
Opening	381¾-382¼	205-205½
Morning fix	382.15	205.093
Afternoon fix	382.20	205.318
Day's high	383½-384	
Day's low	381¾-382¼	

Coins	$ price	£ equivalent
Mapleleaf	391-396	209½-214½
Britannia	391-396	209½-214½
US Eagle	391-396	209½-214½
Angel	391-396	209½-214½
Krugerrand	383-388	205-207
New Sov.	92-94	49¼-50¼
Old Sov.	92-94	49¼-50¼
Noble Plat	461.70-469.05	248.65-252.60

Silver fix	p/fine oz	US cts equiv
Spot	258.85	481.75
3 months	268.35	491.35
6 months	277.65	500.85
12 months	295.75	520.85

TRADED OPTIONS				
Coffee	Nov	Jan	Nov	Jan
550	63	84	5	11
600	29	50	21	27
650	10	29	52	56
Cocoa	Dec	Mar	Dec	Mar
700	87	126	17	27
750	56	93	36	45
800	34	67	64	69
Brent Crude	Nov	Dec	Nov	Dec
2900				
2950				
3000				360

New York

GOLD 100 troy oz.; $/troy oz.				
	Close	Previous	High/Low	
Sep	382.9	382.1	0	0
Oct	384.2	383.5	385.8	382.5
Nov	386.6	385.9	0	0
Dec	388.8	388.1	390.4	386.9
Feb	393.0	392.4	394.2	391.8
Apr	397.0	396.4	398.5	395.5
Jun	401.2	400.7	0	0
Aug	405.1	404.7	0	0
Oct	409.5	409.2	0	0

PLATINUM 50 troy oz; $/troy oz.				
	Close	Previous	High/Low	
Sep	455.7	453.0	455.0	455.0
Oct	457.7	455.0	461.0	455.0
Jan	464.4	461.8	466.5	462.0
Apr	470.2	467.7	472.0	469.0
Jul	475.7	473.2	477.7	475.0
Oct	481.2	478.7	0	0

SILVER 5,000 troy oz; cents/troy oz.				
	Close	Previous	High/Low	
Sep	477.3	480.1	478.0	478.0
Oct	478.8	481.6	0	0
Nov	482.4	485.4	0	0
Dec	486.3	489.3	489.0	486.0
Jan	488.7	491.7	0	0
Mar	498.7	499.7	499.0	496.0
May	503.6	506.6	0	0
Jul	510.9	513.9	512.0	509.0
Sep	518.6	521.5	519.5	518.5
Dec	529.4	532.4	531.0	530.5

HIGH GRADE COPPER 25,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Sep	132.90	135.90	136.00	132.70
Oct	131.30	133.95	134.00	131.20
Nov	129.15	131.35	0	0
Dec	126.95	128.75	129.10	126.25
Jan	124.45	126.00	0	0
Mar	118.90	120.15	120.00	118.00
Apr	117.00	118.05	0	0
May	115.10	115.95	115.40	114.70
Jun	113.15	114.05	0	0
Jul	111.10	112.05	111.50	110.50

CRUDE OIL (Light) 42,000 US galls $/barrel				
	Latest	Previous	High/Low	
Oct	31.36	30.97	31.45	30.86
Nov	30.68	30.21	30.70	30.26
Dec	29.66	29.25	29.70	29.35
Jan	28.83	28.47	28.85	28.55
Mar	27.65	27.25	27.65	27.35
Apr	27.05	26.71	27.05	26.75
May	26.40	26.25	26.60	26.25
Jun	25.90	25.85	26.00	25.90

HEATING OIL 42,000 US galls, cents/US galls				
	Latest	Previous	High/Low	
Oct	8430	8259	8470	8250
Nov	8530	8325	8540	8350
Dec	8625	8425	8640	8440
May	7325	7210	7350	7325
Jun	7200	7090	7230	7200

COCOA 10 tonnes;$/tonnes				
	Close	Previous	High/Low	
Sep	1264	1282	1270	1252
Dec	1299	1287	1312	1288
Mar	1339	1328	1350	1329
May	1370	1351	1365	1358
Jul	1403	1384	1402	1397
Sep	1433	1414	0	0
Dec	1466	1447	0	0

COFFEE "C" 37,500lbs; cents/lbs				
	Close	Previous	High/Low	
Sep	91.50	93.95	94.25	91.50
Dec	95.10	97.10	96.90	95.05
Mar	98.25	100.05	99.75	98.25
May	100.50	101.95	101.50	100.50
Jul	102.60	104.00	103.00	102.25
Sep	104.40	106.15	104.75	104.75
Dec	107.10	108.70	107.10	107.10

SUGAR WORLD "11" 112,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Oct	10.91	11.00	11.10	10.87
Mar	10.64	10.73	10.78	10.62
May	10.67	10.68	10.75	10.64
Jul	10.68	10.68	10.76	10.64
Oct	10.76	10.75	10.82	10.78

COTTON 50,000; cents/lbs				
	Close	Previous	High/Low	
Oct	73.82	73.90	74.90	73.40
Dec	72.48	72.64	73.07	72.42
Mar	73.82	73.77	74.15	73.75
May	74.60	74.56	74.60	74.45
Jul	74.52	74.60	74.80	74.50
Oct	69.75	69.88	69.80	69.75
Dec	67.95	68.00	68.00	67.75

ORANGE JUICE 15,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Sep	149.75	150.25	151.90	149.25
Nov	134.75	137.20	138.70	133.50
Jan	132.00	134.55	135.60	132.00
Mar	133.00	134.85	135.50	133.00
May	133.00	134.55	135.00	133.00
Jul	133.05	134.55	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)			
Sep 13	Sep 12	mnth ago	yr ago
1824.0	1829.1	1772.1	1774.7

DOW JONES (Base: Dec. 31 1974 = 100)				
	Sep 12	Sep 11	mnth ago	yr ago
Spot	130.33	129.97	133.06	128.64
Futures	133.25	133.39	134.16	129.90

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel				
	Close	Previous	High/Low	
Sep	623/0	628/4	628/4	615/0
Nov	634/0	641/2	638/4	627/0
Jan	647/6	654/6	653/0	641/0
Mar	661/2	668/0	665/6	654/2
May	669/6	676/6	674/0	662/4
Jul	675/2	681/4	680/0	669/0
Aug	667/4	674/0	671/0	664/0
Sep	640/0	647/0	647/4	640/0

SOYABEAN OIL 60,000 lbs; cents/lb				
	Close	Previous	High/Low	
Sep	23.77	24.30	24.11	23.57
Oct	23.60	24.21	24.00	23.42
Dec	23.71	24.26	24.11	23.53
Jan	23.90	24.47	24.30	23.78
Mar	24.17	24.68	24.55	24.04
May	24.35	24.87	24.75	24.25
Jul	24.42	24.91	24.80	24.35
Aug	24.15	24.60	24.70	24.15

SOYABEAN MEAL 100 tons; $/ton				
	Close	Previous	High/Low	
Sep	184.1	186.4	185.3	182.4
Oct	185.6	187.3	186.7	183.6
Dec	189.3	190.9	190.5	187.0
Jan	190.4	191.8	191.7	188.6
Mar	192.5	194.0	194.0	191.3
May	193.7	194.8	194.5	192.5
Jul	194.5	196.0	196.0	193.5
Aug	192.7	194.5	195.0	192.5

MAIZE 5,000 bu min; cents/56lb bushel				
	Close	Previous	High/Low	
Sep	233/2	239/2	234/0	231/6
Dec	225/6	234/2	228/0	224/6
Mar	235/2	243/2	237/2	234/4
May	241/6	249/6	243/4	241/0
Jul	246/0	253/6	247/6	246/2
Sep	245/6	252/2	246/6	245/0
Dec	247/0	252/4	248/0	245/6

WHEAT 5,000 bu min; cents/60lb-bushel				
	Close	Previous	High/Low	
Sep	259/6	266/6	262/4	257/4
Dec	276/4	283/0	279/0	271/0
Mar	290/0	295/6	292/0	285/0
May	297/4	303/2	299/6	293/0
Jul	306/2	309/4	307/0	300/0
Sep	308/0	312/4	308/0	308/0

LIVE CATTLE 40,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Oct	78.70	78.86	79.15	78.60
Dec	76.52	76.75	77.00	76.45
Feb	75.10	75.47	75.65	75.07
Apr	75.65	76.02	76.00	75.65
Jun	73.65	73.90	73.90	73.57
Aug	71.85	72.10	72.20	71.95
Oct	71.90	72.10	72.30	71.90

LIVE HOGS 30,000 lb; cents/lbs				
	Close	Previous	High/Low	
Oct	50.62	50.67	51.22	50.17
Dec	51.00	51.47	51.60	50.95
Feb	48.32	48.80	48.75	48.25
Apr	44.90	45.10	45.20	44.80
Jun	49.32	49.60	49.80	49.15
Jul	49.62	49.75	49.75	49.55
Aug	48.30	48.40	48.45	48.20
Oct	43.40	43.40	43.60	43.20

PORK BELLIES 40,000 lbs; cents/lb				
	Close	Previous	High/Low	
Feb	53.00	54.60	54.70	52.60
Mar	52.87	54.47	54.52	52.70
May	53.82	55.10	55.25	53.55
Jul	53.82	55.42	54.00	53.50
Aug	51.90	52.35	54.00	51.90

LONDON STOCK EXCHANGE

Company news again unsettles shares

THE FRAGILE confidence of the UK stock market was jolted again yesterday by another round of depressing news on the corporate front, including the disclosure that the UK Ministry of Defence has asked one major supplier to consider postponing delivery of some vehicle contracts.

The downward screw was tightened further towards the close when Wall Street slipped lower in early trading as Mr Alan Greenspan, the head of the Federal Reserve Board, addressed the Senate Banking Committee.

Although trading volume was still unexciting, traders reported some institutional activity, mostly on the sell side. After opening steadily, helped by firmness on Wall Street overnight, UK shares began to react, first to gains in crude oil prices and then to disappointing profits news from yet more of the big names of UK industry and commerce.

Account Dealing Dates		
*First Dealings:		
Aug 20	Sep 10	Sep 24
Option Declarations:		
Sep 6	Sep 20	Oct 4
Last Dealings:		
Sep 7	Sep 21	Oct 5
Account Day:		
Sep 17	Oct 1	Oct 15

*New-time dealings may take place from 8.30 am two business days earlier.

In the building and construction industry, John Laing dealt a further blow by reporting interim profits substantially below market hopes and warning on the dividend outlook. The market's gloom deepened after Rolls-Royce, the aero-engines group, similarly disappointed City analysts with lower profits than expected. The brokerage analysts returned from meeting the Rolls-Royce board in even less optimistic mood and downgraded forecasts for Rolls' year-end profits.

Pessimism over the trend of UK company profits has deepened in the market this week, with broker downgrades ranging from the leisure and consumer sectors, where analysts warn of falling domestic spending, through the hard hit building and construction industries, and to the broad range of manufacturing industry, which faces both currency and interest rate pressures.

However, shares steadied briefly behind a firm UK bond market as the latest unemployment statistics indicated a continued economic tightening which could speed interest rate cuts, and at mid-session the FT-SE Index, down 10.9, was above its earlier level.

But London's nervousness was reflected in its sharp reaction to an early fall on Wall Street, and the loss on the Footsie was quickly extended to just over 16 points in late dealings, before the index steadied to close at 2,127.1, a loss of 15.2 on the day.

Uncertainties over the outlook for defence spending, brushed off to some extent since the developments in the Gulf, were reignited by an announcement from GKN, the engineering group, that the UK Defence Ministry has asked it to discuss rescheduling deliveries of Warrior combat tanks, currently due between 1990-92, to later years. Some other defence issues also eased as analysts began to consider the implications of the Ministry's apparent change of step.

FINANCIAL TIMES STOCK INDICES

	Sept 13	Sept 12	Sept 11	Sept 10	Sept 7	Year Ago	1990 High	1990 Low	Since Compilation High	Since Compilation Low
Government Secs	78.56	78.61	78.52	78.27	78.07	85.94	84.20 (2/1)	74.13 (30/4)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	87.15	86.83	86.47	86.33	86.30	96.81	92.91 (8/1)	83.80 (30/4)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share	1632.9	1643.3	1651.0	1655.1	1638.5	1985.8	1988.3 (3/1)	1604.2 (23/8)	2008.6 (5/9/89)	49.4 (26/6/40)
Gold Mines	192.3	191.2	191.4	195.4	194.6	204.6	378.5 (6/2)	187.9 (15/6)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2127.1	2142.3	2144.3	2147.0	2122.9	2382.0	2463.7 (3/1)	2075.0 (23/8)	2463.7 (3/1/90)	986.9 (23/7/84)
Ord. Div. Yield	5.81	5.76	5.73	5.70	5.78	4.08				
Earning Yld %(full)	12.27	12.17	12.09	12.13	12.30	9.86				
P/E Ratio(Net)(☆)	9.88	9.96	10.03	10.00	9.87	12.23				
SEAQ Bargns 4.45pm	15,684	18,791	16,253	17,120	20,279	26,190				
Equity Turnover(£m)†	-	790.03	596.35	491.82	580.33	1400.31				
Equity Bargains†	-	17,774	15,791	16,533	19,981	26,519				
Shares Traded (ml)†	-	346.4	298.6	260.3	280.0	529.3				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83. ☆ Nil 9.73

Ordinary Share Index, Hourly changes — Day's High 1646.0 — Day's Low 1632.9

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1646.0	1641.7	1641.8	1643.3	1642.1	1638.9	1638.8	1636.6	1636.0

FT-SE, Hourly changes — Day's High 2145.8 — Day's Low 2126.1

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2145.8	2139.0	2139.4	2138.6	2137.2	2133.3	2133.5	2132.0	2130.0

GILT EDGED ACTIVITY

Indices*	Sept 12	Sept 11
Gilt Edged Bargains	80.9	85.7
5—Day average	81.6	82.7

*SE Activity 1974.
†Excluding intra-market business & Overseas turnover.

London report and latest Share Index: Tel. 0898 123001.

Rolls-Royce upset by figures

ANALYSTS sharply downgraded their forecasts for Rolls-Royce following lower than expected half-year results of £115m. The shares were hit hard in heavy early trading. Turnover totalled 14m shares and the price ended 17¼ down at 180½p.

Mr Ed Wright, of BZW, reduced his pre-tax profits forecast for the full year by £10m to £280m, as did County NatWest, and S. G. Warburg cut its estimate for the year from £271m to £260m. However, Hoare Govett, broker to Rolls-Royce, had previously taken a more cautious line and maintained its earlier £280m prediction.

Gloom from the figures increased after the company's morning meeting with analysts, when it was revealed that because of altered accounting procedures the profit was £14m up on what it would have been. The main areas of disappointment were in the aero-gas turbines sector, which saw profits of £68m - down from £70m - and in interest receipts of £3m - down from £9m.

County NatWest said a strike last year cost Rolls-Royce around £50m, but there was confidence that the next six months would offset the damage and there was optimism over orders from foreign airlines.

Another casualty

John Laing was added to the ever-growing list of companies in the building and contracting area of the market to report much worse results than expected.

Shares in the north London-based housebuilder fell sharply as the company revealed interim pre-tax profits down some 63 per cent at £7.8m, compared with £21.3m previously. Specialists said the company had written down the value of its land bank, probably by some £4m to £5m. Last week George Wimpey, another of the UK's biggest housebuilders, reported half-time profits down 72 per cent.

Analysts had been expecting the company to report interim pre-tax profits in the range of £11m to £15m and were shocked by the published result. Dealers marked Laing shares down by some 15p on hearing the figures, but this failed to stem a steady flow of selling orders which left the "A" stock 38 down on the session at 210p.

After the figures Salomon lowered its full year estimate from £40m to £27m, while Fleming cut its forecast to £20m. The latter emphasised Laing's very low debt and minimal gearing and was confident the group would maintain the dividend total.

Willis Faber hit

Insurance broker Willis Faber was hit hard as the market absorbed Wednesday evening's surprise news that Aon Corporation, a Chicago-based insurance group, had launched a rival offer for Corroon & Black, the US insurance broker.

Willis was on the verge of sealing a merger with Corroon which would have created the world's fourth biggest insurance broking concern.

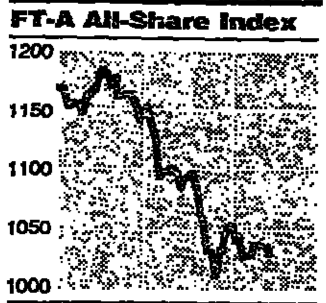
Aon said it was willing to pay $40 a share for Corroon, topping Willis's offer, equivalent to $33.50 a share. The market took the view that Willis would lose out under almost every outcome. If it increased its offer, this would lead to significant earnings dilution, while if it pulled out it faced the loss of its US earnings. Before agreeing to merge with Corroon it earned about 10 per cent of its income from an agreement with another US broker, Johnson & Higgins. Ties with Johnson & Higgins were severed when J & H sold its near 5 per cent stake in Willis after the latter's attempt to merge with Corroon. "It is not a pleasant situation for Willis," said an insurance broking analyst.

Willis dropped to 207p before steadying to close a net 21 down at 210p, also weakened by stories that a line of stock was being offered. Turnover was 12m. Among Willis's big holders, Prudential has a 4.48 per cent stake, Robert Fleming 4.29 per cent and Australian Provident Group 3.48 per cent.

Reuters continued its recent volatility after the Chicago Mercantile Exchange and the Chicago Board of Trade said they expect to launch Globex, the automated after-hours trading system for futures and options developed by Reuters, in the first quarter of 1991. Last month, Reuters weakened sharply on suggestions that there were technical difficulties with some of its new products, although not principally Globex. Yesterday Reuters improved 15 to 865p.

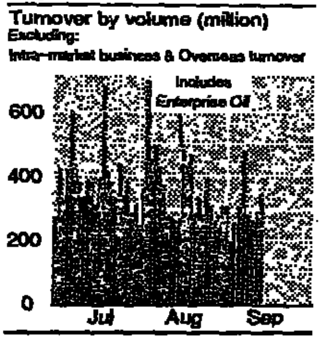
A joint transatlantic collaboration by County NatWest assessing prospects for UK con-

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding: Intra-market business & Overseas turnover



glomerate BET nudged the stock against the wider market trend. It closed 4 up at 222p.

County believes a rerating is looming, for the group's operations have been holding up well, even those areas considered to be most vulnerable. In an attempt to be conservative, the investment bank has reduced its annual profits estimate to £355m, from £370m, but said the yield is high and safe and forecast a net dividend for the year of 14.5p to 15p.

Refuge Assurance outperformed the rest of the lifes, racing ahead 15 to 623p, boosted by hopes that the company will be a beneficiary of the new rules on the treatment of life profits to be announced this morning by the Association of British Insurers.

There was also a story that Athena, the French group which has a 10.2 per cent stake in Refuge, would soon launch a full bid. Italy's Agnelli family recently acquired a 10 per cent stake in Pechelbron, Athena's parent company, and might provide backing for a bid for Refuge, specialists said.

Costain performed well for much of the session, with the interim figures given a good initial reception by the market. Hoare Govett, Costain's broker, reduced its full year forecast to £45m but expects the group to maintain the dividend total. Costain shares settled 2 higher at 190p.

Tarmac, due to report interims on September 25 and where there were rumours of imminent downgrades, was among the market's busiest stocks with 12m shares traded by the close. One agency broker was said to have placed two blocks of 3m shares at 208p. At the close Tarmac were 14 off at 209p.

ECC was caught in the depression centring on housebuilding issues, although the group announced plans only a few days ago for a staged withdrawal from housebuilding activities. Persistent rather than heavy selling left the shares at the day's lowest, down 14 at 335p.

Fresh progress in Yorkshire Chemical was unimpeded by the surrounding dullness. Mr Martin Evans of BZW elaborated on the reasons for Wednesday's switch from hold to buy, saying his estimate of £12m annual profits appears attainable and would give earnings per share growth of 15 per cent, among the highest in the sector. After the previous session's good rise, Yorkshire improved 2 more to 331p.

GKN dropped 13 to 329p following an announcement by the company that the Ministry of Defence may put back orders for a number of Warrior combat vehicles due for delivery in the next two financial years.

It is understood that this rephasing is one of the measures taken by the MOD to avoid an overspend on the defence budget.

Vickers shed 4 to 219p and analysts said nervousness over the GKN announcement was the likely reason.

Hawker Siddeley slipped 6 to 478p. Analysts said there was nervousness over the company's performance in the power station contracting sector awaiting any statement that might coincide with the release of interim figures on Monday.

British Aerospace jumped 15 points in the morning on the back of good results, but slipped later to close a net 6 up at 569p. Hoare Govett, broker to BAe, said its Wednesday afternoon presentation to institutional investors would have had an affect on early business.

There was heavy dealing in British Steel, which saw 10m shares traded but eased 1½ to 122p. Smith New Court said it did most of the trade and added that the shares had been vulnerable since Nomura withdrew its buy recommendation.

Thorn EMI rose 9 more to 612p, still responding to a Kleinwort Benson recommendation.

Ranks Hovis McDougall benefited from an "add" recommendation (not as strong as a buy) from Kleinwort Benson. Mr Carl Short said the company was trading at a lower rating than comparable competitors and that its share price did not take into account the presence of a 29.2 per cent stake held by Sunningdale/Anglo. Ranks rose 8 to 300p.

Analysts cut their full year profits forecast for United Biscuits after the company revealed an 11 per cent rise at the interim stage to £83m. Smith New Court reduced its estimate by £6m to £202m and BZW by £4m to £204m. UB slipped 6 to 321p.

Bernard Matthews, the turkey and meat producer, climbed 6 to 81p after posting a 66 per cent jump in interim profits to £6.2m.

The agencies sector was the scene of some rare gains in the wake of several sets of results on Wednesday. Lopex added 3 at 98p, helped by its positive statement, while More O'Ferrall climbed another 12 to 199p, making a two-day improvement of 29. Ms Lorna Tilbian at S.G. Warburg said that More O'Ferrall had firm bookings for 80 per cent of its capacity in the important last quarter.

Trusthouse Forte lost 12 at one point as BZW took a cautious line on the stock ahead of the company's interims on September 27. Mr Peter Hilliar at BZW said that although he had not officially cut the forecast, he would "be looking keenly at the statement." The shares ended 10 off at 231p. Sentiment was also hit by Savoy's disappointing results earlier in the week, while Smith New Court recommended switching into Ladbroke, 3¼ easier at 268p.

Maxwell Communications firmed 3 to 170p on the annual meeting statement that it planned "to complete the disposal of a number of non-strategic businesses very shortly." MCC also said that it would "soon repay $400m of the remaining short-term facility provided by its syndicate banks led by Credit Lyonnais and Swiss Bank."

Whitegate Leisure became excited by a newspaper report of an impending takeover bid and the shares rose 3¼ to 13p. A bid of at least 20p a share was suggested for the company, run by Mr Nick Oppenheimer and former First Leisure joint managing director Mr James Naylor, both of whom have recently increased their shareholdings.

First Leisure adopts a policy of not commenting on market reports, but a sector analyst said it would mean a change of strategy for the company to make a hostile bid. "As far as I know, First Leisure has displayed a passing interest only and I would be surprised if an offer was made."

Lower profits from Sirdar, the textile manufacturer, had been discounted and the shares rallied from the 1990 low to close 6 firmer at 58p.

Several companies softened ahead of half-yearly results, all due next week. British Polythene (Monday) declined 10 to 198p and Cannon Street Investments (Tuesday) slipped 4 to 105p.

Coats Viyella put in one of the best performances of the day among alpha stocks after revealing interim profits a fraction lower at £54.9m.

Mr Lawrence Rubin at S.G. Warburg identified three reasons for the shares' improvement of 8 to 99p. There was some relief that the fall in profits had not been worse, there was an £8m swing in pension provisions which the company would continue to be able to take advantage of, and at the analysts' meeting it became clear that an immediate bid for Tootal was not in the offing.

The debut of Pelican Group, which runs a chain of French cafe-style and Hispanic restaurants, proved to be a volatile affair. Introduced to the Unlisted Securities Market at 35p, the shares ran back to 43p before rallying strongly to close at 51p.

■ Other Market statistics, including the FT-Actuaries share index, Page 26

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change
ADT	1,300	166	+1	Courtaulds	641	315		Manpower	2,000	55½	+½	Smith & Nephew	107	97½	-1
ASDA Group	7,500	114	+2	Dalgety	8	361		Marks & Spencer	2,500	222		SmKl Beecham	627	550	+1
Abbey National	1,200	214		Dixons	63	129	-2	Maxwell Comms.	428	170	+3	SmKl Beecham Units	3	3475	+7
Allied-Lyons	1,000	475	-4	ECC Group	1,200	335	-14	Midland Bank	430	239	-2	Smiths Inds.	5	392	-3
Amstrad	78	58		Enterprise Oil	1,200	685	-13	NatWest Bank	1,800	264	-1	South West Water	231	227	-1
Anglian Water	100	230		FKI	204	52	-1	Next	503	36		Southern Water	103	230	+1
Argos	325	230	-4	Ferranti	228	21½	-1	North West Water	662	220	-4	Standard Chartd.	252	370	-9
Argyll Group	821	237	+2	Fisons	2,800	356	+2	Northern Foods	661	337	-2	Storehouse	1,300	127	-1
Ass. Brit. Foods	102	406		Gen. Accident	404	456	-4	Northumbrian Water	4	228	-2	Sun Alliance	699	283	-3
BAA	662	387	-3	General Elect.	2,300	180½	-1½	Pearson	186	686		Sun Life	3	1083	
[illegible]															

Based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 4.30pm.

NEW HIGHS AND LOWS FOR 1990

NEW HIGHS (3).
BRITISH FUNDS (3).
NEW LOWS (167).
AMERICANS (1) CANADIANS (2) BANKS (9) BUILDINGS (26) CHEMICALS (2) STORES (8) ELECTRICALS (14) ENGINEERING (8) FOODS (1) HOTELS (2) INDUSTRIALS (36) Associated British Ports, Avon Rubber, Barrett (Henry), BTR Warrants 1992/3, Bridon, British Polythene, CH Inds., Christies Intl., Community Hospitals, Computer People, Cowan de Groot, Doctus, Erskine House 7¼pc Pf., Fobel Intl., Granada, Green (E) & Partners, Hampson 6.5p Pf., Handley-Walker, Ibex, Metsec, NMC 7¾pc Pf., PCT, Plastiseal, Reliant, Ricardo, St. Scottish Heritable Trust, Shiloh, Tomkins, Do. 6¼pc Pf., Do. 5.5pc Pf., WSP, Waterman Partnership, Wills, YRM, Yale & Valor, INSURANCE (1) LEISURE (6) MOTORS (4) NEWSPAPERS (5) PAPERS (3) PROPERTY (14) TEXTILES (5) TRANSPORT (2) TRUSTS (14) OVERSEAS TRADERS (1) MINES (2).

APPOINTMENTS

Chairman designate at Costain

■ Sir Godfrey Messervy is to retire as chairman of COSTAIN GROUP at the end of November. Mr P.B. Sawdy has been appointed chairman designate. Mr Sawdy has been a non-executive director of Costain since 1979 and is deputy chairman of the Hogg Group. He was deputy chairman and group chief executive of the Brooke Bond Group from 1977 to 1985.

■ Mr Stevan Breeze, formerly a director of Polly Peck International and prior to that managing director of Tefal UK, has been appointed by BTR to the post of group managing director, Pilkington's Tiles Holdings, where he will be responsible for ceramic tiles and adhesives businesses worldwide.

■ KLEINWORT BENSON has appointed Mr Takeshi Ohta as a non-executive director from October 1. Mr Ohta was previously a deputy governor of the Bank of Japan and retired from that position earlier this year.

■ The SCOTTISH MUTUAL ASSURANCE SOCIETY has appointed Sir William Fraser as a non-executive director. Sir William was the Permanent Under Secretary of State at the Scottish Office from 1978 to 1988 and is currently principal and vice chancellor of the University of Glasgow.

■ Miss Sue Wilson has been appointed to the board of VICKERS DEFENCE SYSTEMS, a part of Vickers, as personnel director. Since May 1 Miss Wilson has been a member of the executive committee.

■ At PHOENIX SECURITIES Mr Andrew Large has been appointed a non-executive director. He was formerly a member of the executive board of Swiss Bank Corporation and chairman of The Securities Association.

■ ALFRED McALPINE has appointed Mr George Noble (pictured) to the new role of sales and marketing director at its subsidiary, Alfred McAlpine Slate Products. Mr Noble joins from Thermalite.

■ Mr Adam S. Humphryes has been appointed finance director of ASSOCIATED CONTAINER TRANSPORTATION (AUSTRALIA) in succession to Mr Ian R. Weatherston. He joins from Labatt Breweries of Europe where he was financial vice-president.

■ BILL MARTIN, the independent financial planning and investment management company, is expanding its operations by opening a new office in London. Mr Peter Smith (pictured) has been made a director and will head the London office. He was formerly the London divisional director in the personal financial planning division of chartered accountants, Ernst and Young.

■ Mr Denis McQuade and Mr Ben Maddocks have been appointed joint managing directors of MANAGEMENT DATA (UK), a subsidiary of Creditanstalt Bankverien, which specialises in banking software. Mr McQuade was previously director, global business development at Winter Partners and Mr Maddocks retains his role as director, Creditanstalt International Systems.

■ Ms Heather Maizels has been appointed an international private banking director at BARCLAYS BANK.

■ BRENT CHEMICALS INTERNATIONAL, the worldwide applications and industrial service group, has appointed Dr David Swallow (pictured) as a non-executive director. He was formerly head of RTZ Chemicals and has considerable experience in the speciality chemicals field.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1990 High	1990 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
99¾	96⅞	Treas. 10pcCv 1990	99¾	.....	10.07	14.68
98⅝	93⅛	Exch 2½pc 1990	98⅝	.....	2.54	10.79
99⅛	97⅛	Treas 11¾pc 1991	99⅛	.....	11.86	14.33
96[illegible]	92⅞	Funding 5¾pc '87-91‡‡	96[illegible]	.....	5.94	12.04
95[illegible]	89¾	Treas. 3pc 1991	95[illegible]	.....	3.16	10.94
97[illegible]	94[illegible]	Treas 10pc Cv '91 ‡‡	97¾	.....	10.24	13.12
97[illegible]	94[illegible]	Exch. 11pc 1991	97⅝	.....	11.27	13.39
94[illegible]	90[illegible]	Treas. 8pc 1991	94[illegible]	.....	8.46	12.88
101[illegible]	97[illegible]	Treas 12¾pc 1992‡‡	100[illegible]	.....	12.74	12.68
96[illegible]	92¾	Treas 10pc 1992	96½	.....	10.36	12.77
93¾	89¼	Treas. 8pc 1992 ‡‡	93[illegible]	.....	8.54	12.65
97[illegible]	93[illegible]	Treas 10½pc Cv 1992‡‡	96[illegible]	.....	10.84	12.64
88[illegible]	82[illegible]	Treas. 3pc 1992	88[illegible]	.....	3.38	10.16
100[illegible]	95[illegible]	Exch. 12¼pc '92	99½	.....	12.31	12.61
104	98[illegible]	Exch 13½pc 1992	101[illegible]	.....	13.26	12.50
92[illegible]	86¼	Treas 8¾pc 1993	91[illegible]	.....	8.98	12.18
96[illegible]	90¾	Treas 10pc 1993‡‡	95[illegible]	-⅛	10.50	12.22
103[illegible]	96[illegible]	Treas 12½pc 1993‡‡	100[illegible]	-[illegible]	12.40	12.19
86[illegible]	82	Funding 6pc 1993‡‡	86[illegible]	.....	6.93	11.43
107[illegible]	99¼	Treas 13¾pc 1993‡‡	104¼	.....	13.21	12.07
91	84¼	Treas. 8½pc 1994	89[illegible]	-[illegible]	9.45	12.17
111[illegible]	102[illegible]	Treas 14½pc 1994‡‡	107	-[illegible]	13.55	12.01
107[illegible]	99¼	Exch 13½pc 1994	103[illegible]	-[illegible]	13.00	12.17
96[illegible]	88[illegible]	Treas. 10pc Ln. 1994‡‡	94[illegible]	-[illegible]	10.63	12.00
104½	96[illegible]	Exch. 12½pc 1994	101[illegible]	-[illegible]	12.35	12.13
92½	85	Treas 9pc 1994‡‡	90[illegible]	-[illegible]	9.97	12.04
103[illegible]	94[illegible]	Treas 12pc 1995	99[illegible]	-[illegible]	12.03	12.05
81	73	Exch 3pc Gas 90-95	79	.....	3.80	8.55
96[illegible]	88[illegible]	Exch. 10¼pc 1995	93[illegible]	-⅛	10.96	12.02

Five to Fifteen Years

1990 High	1990 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
108	97[illegible]	Treas 12¾pc 1995‡‡	103[illegible]	-⅛	12.37	[illegible]
112[illegible]	101¼	Treas. 14pc '96	106[illegible]	-[illegible]	13.15	[illegible]
92[illegible]	82[illegible]	Treas. 9pc 1992-96‡‡	88[illegible]	.....	10.19	[illegible]
119[illegible]	107[illegible]	Treas 15¼pc 1996‡‡	111[illegible]	-[illegible]	13.62	[illegible]
110[illegible]	99¼	Exch 13¼pc 1996‡‡	104[illegible]	-[illegible]	12.72	[illegible]
96[illegible]	85½	Conversion 10pc 1996	90[illegible]	-[illegible]	11.00	[illegible]
112[illegible]	98[illegible]	Treas 13¼pc 1997‡‡	104¼	-[illegible]	12.71	[illegible]
99[illegible]	87[illegible]	Exch 10½pc 1997	92[illegible]	-[illegible]	11.31	[illegible]
91[illegible]	79[illegible]	Treas 8¾pc 1997‡‡	85	-[illegible]	10.29	[illegible]
121[illegible]	106[illegible]	Exch 15pc 1997	112[illegible]	-[illegible]	13.36	[illegible]
95[illegible]	83½	Exch. 9¾pc 1998	88[illegible]	-[illegible]	10.97	[illegible]
[illegible]						

Over Fifteen Years

[illegible]

Undated

[illegible]

BRITISH FUNDS—Contd

Index-Linked

1990 High	1990 Low	Stock (b)	Price £	+ or -	(1)	(2)
120¾	110¾	Tr. 2pc '92‡‡(97.8)	120¾	+⅛	3.40	5.05
110[illegible]	103¼	Do. 2 '94(102.9)	110¾	-[illegible]	3.63	4.31
160[illegible]	150⅝	Do. 2pc '96(67.9)	160[illegible]	+[illegible]	3.77	4.19
131¼	123¾	Do 2½pc '01(78.3)	131¼	+[illegible]	4.17	4.44
128¾	119⅞	Do. 2½pc '03(78.8)	127[illegible]	+[illegible]	4.18	4.42
131[illegible]	122	Do. 2pc '06(69.5)	129¾	+[illegible]	4.20	4.39
123[illegible]	113[illegible]	Do. 2½pc '09(78.8)	119[illegible]	+[illegible]	4.19	4.36
128[illegible]	117¾	Do. 2½pc '11(74.6)	123[illegible]	+[illegible]	4.19	4.35
107[illegible]	97¾	Do. 2½pc '13(89.2)	102¼	+¼	4.13	4.28
115¼	105[illegible]	Do. 2½pc '16(81.6)	110[illegible]	+¼	4.07	4.22
113[illegible]	102[illegible]	Do. 2½pc '20(83.0)	107[illegible]	+[illegible]	4.03	4.16
95¼	86[illegible]	Do. 2½pc '24 ‡‡(97.7)	90[illegible]	+[illegible]	3.96	4.07

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for December 1989: 118.8 and for July 1990: 126.8.

INT. BANK AND O'SEAS

1990 High	1990 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
100¾	84[illegible]	African Dv Bk 11¼Ln 2010	91[illegible]	.....	12.19	12.31
98¾	80[illegible]	Asian Dev Bk 10¼pcLn2009	86[illegible]	+[illegible]	11.79	12.02
110[illegible]	80[illegible]	Int-Am Dev Bk 12½pc 2003	100[illegible]	+[illegible]	12.46	12.43
91¾	76[illegible]	Do. 9¾pcLn 2015	82[illegible]	.....	11.88	12.02
10[illegible]	79½	Mlysia 10¾pcLn 2009	82	.....	13.11	13.38
110	55	Mat. Mexican States 16½pc 2008	109	.....	15.14	14.90

CORPORATION LOANS

1990 High	1990 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
104	86½	Birmingham 11½pc 2012	92½	+1	12.43	12.50
[illegible]						

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

AMERICANS—Contd

1990 High	1990 Low	Stock	Price £	+ or -	Div Gross	C'vr	Y'ld Gr's
21¾	8½	Chase Manhattan $12½	9[illegible]	-[illegible]	$2.48	-	14.4
19¼	10¾	Chem. Banking Corpn.	11¾	-[illegible]	$2.72	-	12.8
12½	6	Chrysler $6¼	6[illegible]	-[illegible]	$1.20	-	9.5
18¼	8¾	Chicorp $1	9[illegible]	-[illegible]	$1.78	-	10.1
40[illegible]	30¾	Colgate-Palmolive $1	34[illegible]	.....	$1.80	-	2.8
12¾	454p	Cont'l Bank Corp $4.	550p	-7	$1.00	-	9.7
268p	128p	Corporate Data Scnce.	175p	.....		-	-
22¾	14¾	Dana Corp. $1	14¾	-[illegible]	$1.60	-	5.8
768p	274p	Data General	295p	+7			
29½	20¾	Dun & Bradstreet $1	22¼	+¼	$2.12	-	5.0
37[illegible]	25¼	Eaton Corpn. 50c	25⅝	-¼	$2.20	-	4.6
10[illegible]	5¼	Echlin Inc.	6¼	+[illegible]	70c	-	6.1
22¼	14[illegible]	FPL Group 1c	14½	-[illegible]	$2.36	-	8.7
29[illegible]	16[illegible]	Fluor Corp 62½pc	19¾	.....	24c	-	0.6
30¼	16[illegible]	Ford Motor $1	19[illegible]	+[illegible]	$3.00	-	8.4
41[illegible]	30[illegible]	Gen. Elect. 63c	33[illegible]	-[illegible]	$1.88	-	3.0
441p	256p	General Host Corp $1	270p	.....	32c	-	6.3
35[illegible]	25¾	Gillette $1	31¼	.....	$1.08	-	1.8
315p	51p	Gt American Bank Bt $1	72p	.....	20c	-	14.8
20[illegible]	13[illegible]	Greyhound Dial $1½	14[illegible]	+[illegible]	$1.32	-	4.9
12¾	712p	Hasbro Inc 50c	758p	.....	20c	-	1.4
60¼	46[illegible]	Honeywell $1½	50¾	-[illegible]	$2.75	-	2.9
21¾	16	Houston Inds.[illegible]	17¼	+[illegible]	$2.96	-	9.2
74	49[illegible]	IBM Corpn $1¼	57¾	-[illegible]	$4.84	-	4.5
50p	18p	Image Storage/R Sys 1c	18p	.....			-
35½	21	Ingersoll-Rand $2	22¾	+¼	$1.32	-	3.1
25½	13½	Lockheed Crpn. $1	13⅝	+¼	$1.80	-	7.1
11[illegible]	7¾	Lone Star Inds $1	7[illegible]	.....	$1.90	-	13.6
28	23[illegible]	Louisiana Land 15c	26[illegible]	-¼	$1.00	-	2.0
29	10¾	Lowe's 50c	13½	+¼	52c	-	2.1
22[illegible]	12¼	Manuf. Hanover $1	14[illegible]	+[illegible]	$3.28	-	12.1
16¼	9[illegible]	Merrill Lynch $1	10[illegible]	+[illegible]	$1.00	-	4.9
14¼	8¾	Molex Inc.	10	+[illegible]	4c	-	0.2
27¾	16¾	Morgan (JP) $2½	17½	-[illegible]	$1.82	-	5.6
30½	21[illegible]	Morris (Philip)	24[illegible]	.....	$1.72	-	3.8
56¾	34¾	NYNEX $1	37½	+¼	$4.56	-	6.6
19p	5p	N'wide Legal Serv.[illegible]	5p	.....			-
21¾	12¼	PHH Corp. [illegible]	12¾	.....	$1.20	-	5.0
195p	130p	Pacific Agr.[illegible]	130p	.....			
31¾	19	Pacific Telesis 10c	22½	+½	$2.02	-	4.9
22¾	13¼	Pall Corp. 25c	15⅝	.....	56c	-	1.9
55¾	39¼	Pennzoil $3 1/3c	43½	+[illegible]	$3.00	-	3.7
35[illegible]	21[illegible]	Quaker Oats $5	23[illegible]	+[illegible]	$1.40	-	3.2
32¾	22	Rep NY Corpn $5	23¼	.....	$1.32	-	3.0
16¾	10[illegible]	Rockwell Intl. $1	13¼	+[illegible]	78c	-	3.0
25[illegible]	14¼	Sears, Roebuck 75c	15¼	-[illegible]	$2.00	-	7.1
[illegible]							

CANADIANS

[illegible]

Continued on next page

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BANKS, HP & LEASING

1990 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
£13¾	£9½	ABN Amro Fl5	£10¼	−¼	Q28%	2.1	8.2	5.8
303	189	ANZ SA1	197	−1	44c	1.4	9.6	7.4
229	172	Abbey National 10p	214	.....	5.7	4.3	3.6	8.7
*274	144	Allied Irish Ord.	157	+1	Q40%	3.3	5.7	7.1
		For Algemene see ABN Amro						
85	55	Anglo Irish	55	.....	Q18.7%	2.7	7.6	7.9
93	67	Ansbacher (H.) 1p	67	−1	2.5	1.3	5.0	19.3
£71⅛	£40⅝	Bancaire Cie Fr100	£41⅞	−1½	Q12½%	−	3.1	−
£22⅞	£15¼	Banco Bilbao Viz.	£16¼	.....	Q49.1%	2.7	4.8	11.4
286	153	Bank Ireland IrE1	154	.....	Q14.7%	2.9	8.5	5.4
£19½	£18	Bank Leumi	£19½	.....	−	−	−	−
350	320	Bank Leumi (U.K.)	350	.....	†15.0	−	5.7	−
125	104	Bank Scotland	110	−2	4.55	3.3	5.5	7.3
100¾	83¾	Do. 9¼pc Irrd Pf.	95½	+½	9¼%	−	12.9	−
54	39	Bank of Wales	44	.....	2.8	0.8	8.5	(21.1)
428	330	Barclays £1	330	−3	†h19.57	3.5	7.9	4.6
22	12	Benchmark 20p	12	.....	1.63	1.0	18.1	6.9
335	280	Brown Shipley £1	280	.....	12.0	2.2	5.7	9.0
*435	324	Cater Allen £1	324	−5	N24.5	−	10.1	−
179	74	Chancery	77	.....	9.0	2.7	15.6	3.1
£23¾	£16¼	Commerzbk DM10	£17½	.....	Q18%	−	3.5	−
£13¼	675	Dai Ichi KBk Y50	704	.....	Q17%	♦	0.5	♦
*£31⅝	£216¼	Deutsche Bk DM50	£228	−2	Q28%	−	2.1	−
£20⅞	£15¼	Espirito Santo	£15¼	.....	Q75c	5.1	2.6	7.4
253	174	First Nat. Fin. 10p	190	+1	13.0	2.1	9.1	6.5
121	88	FNFC 6.3pc Cv. Pf.	93	.....	6.3%	−	9.0	−
£13¼	800	Fuji Bank Y50	830	.....	Q17%	♦	0.4	♦
325	262	Gerrard & National	281	.....	19.0	−	9.0	−
154	113	Guinness Mahon 10p	113	.....	2.1	−	2.5	−
328	194	Hambros 20p	213	−2	11.5	−	7.2	−
128	90	Do. 7.5pc Cv Pf.	93xd	.....	7½%	−	10.8	−
53½	34½	HK & Shang. HK$2.50	37	.....	†hQ38c	−	7.0	−
478	408	Joseph (Leo) £1	408	.....	15.85	−	5.2	−
150	121	King & Shaxson 20p	121	−2	10.25	−	11.3	−
422	313	Kleinwort Benson Grp.	313	−8	16.0	2.5	6.8	7.4
642	339	Kyowa Bank Y50	384	−7	Q14%	♦	0.7	♦
316	242	Lloyds £1	264	−4	†13.3	2.6	6.7	6.2
56	44	Lon. Scot. Bank 10p	49	.....	†2.4	1.9	6.5	9.7
404	230	Midland £1	239	−2	†18.0	2.6	10.0	5.0
£14½	£10½	Mitsubishi Bank Y50	£10½	.....	Q17%	♦	0.3	♦
£12¾	£4⅝	Mitsubishi Tst & Bk Y50	£5½	−⅛	Q17%	♦	0.6	♦
£10⅜	£5¾	Mitsui Taiyo Kobe Y50	£6⅛	−⅛	†Q16%	6.0	0.5	35.5
904	447	Mitsui Tst & Bk Y50	489	−14	Q17%	♦	0.6	♦
326	272	Nat. Aust. Bk. A$1	284	−3	sQ50c	1.6	7.6	8.2
368	262½	NatWest £1	264	−1	†16.7	3.3	8.4	4.8
£210	£165	Ottoman Bank	£170	.....	Q110%	2.8	6.5	5.5
55	35	Rea Bros. Group	35xd	.....	0.5	3.2	1.9	17.5
227	143	Royal Bk. Scotland	148	−4	†7.2	3.8	6.5	5.2
795	368	Saitama Bank Y50	440	+10	Q14%	♦	0.6	♦
£12¼	612	Sanwa Bank Y50	644	.....	Q17%	♦	0.5	♦
902½	683	Schroders £1	683	−10	h12.5	5.9	2.4	9.2
712½	483	Do. £1 N/V	483	−5	h12.5	5.9	3.5	6.5
£25¾	£13⅛	Sec. Pacific $10	£14⅞	−⅛	QS2.52	−	9.2	−
616	352	Standard Chartd. £1	370	−9	35.0	1.4	12.6	(6.9)
£16¼	£6⅞	Sumitomo Bank Y50	£7	−¼	†hQ16%	7.5	0.4	31.2
£11	£4½	Sumitomo Tst & Bk Y50	£5½	+⅛	Q17%	6.9	0.6	25.4
147	120	TSB	126	−1	†5.8	2.5	6.1	8.2
175	126	TSB Bank Cv'ref B'	132	.....	†Q6.7	3.5	5.1	6.6
£11¼	£5½	Tokai Bank Y50	£6⅛	−⅛	Q16%	4.1	0.6	48.5
920	531	Toyo Tst & Bk Y50	625	−7	hQ15.2%	6.9	0.5	30.0
611	530	Union Discount £1	541	−2	33.0	−	8.1	−
525	336	Warburg (S.G.)	336	−12	15.0	3.8	6.0	5.9
180	117	Do 6pc Cnv Prf.	117xd	−1	6%	−	6.8	−
279	193	Westpac $A1	200	−3	Q52.5c	1.5	11.6	5.5
420	348	Wintrust 20p	355	.....	†7.8	4.2	2.9	9.8
969	574	Yasuda Tst & Bk. Y50	637	−12	Q17%	♦	0.5	♦

Hire Purchase, Leasing, etc.

1990 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
175	45	CLF Yeoman 50p	50xd	.....	Q18.5%	3.2	17.5	2.4
71	53	Cambridge Grp Ir5p	53	.....	†Q7½%	15.6	0.6	12.9
55	11	Capital Leasing Ir 10p	18	.....	†Q15.2%	3.5	5.8	4.4
68	50	Castle's (Hldgs) 10p	59xd	.....	†3.58	1.9	8.1	8.5
426	362	Prov. Financial	375xd	.....	†20.5	2.1	7.3	8.7
*232	160	Reflex Invs. Ir5p	168	.....	gQ51%	7.9	1.4	11.8
225	199	Secure Trust Grp. 1p	217	.....	8.5	2.4	5.2	10.7
210	139	Woodchester IR20p	152	.....	Q16.7%	5.9	2.0	11.3

BEERS, WINES & SPIRITS

1990 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
520	408	Allied-Lyons	475	−4	16.95	2.2	4.8	10.9
£26⅛	£18¾	Anheuser-Busch $1	£21¼	−¼	QS1.00	−	2.5	−
1128	895	Bass	990	−11	†28.2	3.5	3.8	9.8
170	131	Boddington	136	.....	5.1	2.3	5.0	11.5
199	161	Bulmer (H.P.) 5p	171	+1	7.65	1.6	6.0	12.8
227	145	Burtonwood Brewery	147	−1	3.98	2.7	3.6	13.7
400	290	Clark (Matthew)	358	.....	13.5	2.7	5.0	9.7
286	138	Devenish (J.A.) 5p	138	.....	†4.65	3.1	4.5	8.5
225	103	Do 4.5pc Cv 2ndPf.	105	.....	4½%	−	5.7	−
167	109	Eldridge Pope "A"50p	115	.....	4.1	2.3	4.8	10.9
430	335	Fuller, S.T.A. £1	395	−10	5.5	4.1	1.9	17.5
681	529	Grand Metrop. 50p	571	−5	†17.75	2.8	4.1	9.9
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS — Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS — Contd

[illegible]

ENGINEERING

[illegible]

ENGINEERING — Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.) — Contd

[illegible]

INDUSTRIALS (Miscel.) — Contd.

[illegible]

INSURANCES

[illegible]

LEISURE

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MOTORS, AIRCRAFT TRADES

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Commercial Vehicles

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MOTORS, AIRCRAFT TRADES — Contd

Components

1990 High	Low	Stock		Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
458	420	Abbey Panels		453	..	3 5	10.8	1.0	12.0
225	163	Airflow Streamlines	y	163		6.0	3.9	4.9	7.0
190	145	Bostrom 5p	y	175	+5	5.75	3.1	4.4	7.9
268	188	Dowty 50p	β	201	-1	9.0	2.1	6 0	9.7
239	132	F R Group	β	140	-1	6.37	3.2	6.1	6.7
135	55	Kwik-Fit Hldgs 10p	β	65	.....	2.4	1.7	4.9	16.3
174	121	Lucas Inds.	α	131	..	†6.25	3.0	6 4	5.9
44	18	Do Warrants	β	20	.....	—	—	—	—
80	63½	Mid-States 10p	y	66	..	s20 75	—	1 6	54 0

Garages and Distributors

1990 High	Low	Stock		Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
28	19	Alexanders 10p	y	22	...	1.0	3 0	6.1	6.6
135	81	Appleyard 10p	β	81xd	...	†7.8	2.4	12.8	3 8
110	62	Blatchley Motor 20p	y	68	.....	†7 5	1.9	15.6	4 6
568	443	Caffyns 50p	β	445	.	11.5	0 3	3.4	—
121	92	Central Motor Auctns.	y	108		†3.25	3 2	4.0	10.3
61	26	Cook (D C.) Hldgs.	y	31xd	....	1.0	♦	4.3	♦
89	33	Cowie (T.) 5p	β	52	.....	4.2	1.5	10 8	7.2
95	65	Dagenham Motors 10p	y	66	...	5 25	2.8	10.6	4.6
98	78	Davenport Vernon 10p	y	78	.	3.5	3 6	6.0	5 4
29	16	Equity & Gen 5p		20	.....	†1.5	1.7	10 0	(7.1)
247	163	Evans Halshaw	β	174xd	....	11.25	2.4	8.6	6.4
113	85	Gates (F.G.)	β	90	...	2 75	1.9	4.1	16.9
161	63	Gowrings 10p	y	63	-9	5.63	1.0	12.4	10.5
167	118	Hartwell		154	...	3.6	♦	3.1	♦
81	50	Jacks Wm.	y	50	.....	2.0	1.0	5.3	25.1
118	56	Jessups	y	58	-1	7.0	2.5	16.1	3.3
297	220	Lex Service	β	232	-1	15.3	1.9	8.8	8.2
147	50	Lookers	y	76	+3	6.2	3.9	10.9	3.1
45	31	Malaya Group 10p	y	36	...	2.0	♦	7.4	♦

[illegible]

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PAPER, PRINTING, ADVERTISING

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PROPERTY

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PROPERTY—Contd

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SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRANSPORT

[illegible]

INVESTMENT TRUST

[illegible]

INVESTMENT TRUST—Contd

[illegible]

INVESTMENT TRUST—Contd

[illegible]

Net asset values supplied by County NatWest Wood Mackenzie

FINANCE, LAND, ETC

[illegible]

WATER

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Contd

Stock		Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
KCA Drilling 1p	y	20	......	—	—	—	25.9
Kelt Energy 10p	β	8	...	—	—	—	—
Do. 6pc Cv. Prf.	y	15	....	6%	—	—	—
Lasmo Oil & Gas 50p	y	110xr	+2	ga1.11	4.5	0.8	17.6
LASMO	α	470	-11	†b7.5	1.6	2.1	34.2
Do. "Ops" 10p	β	198	-2	21.61	—	14.6	—
Do. 9¾pc CnRdPf £1	y	97¼	-½	9 63%	—	13.1	—
Mid & Scot. Res.	y	136	......	—	—	—	—
Mobil Corp. $2		£34½	.. ..	Q52.90	—	4.5	—
Monument Oil 5p	β	48½	+½	—	—	—	45 0
New London 5p	y	18½	...	—	—	—	—

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

Tins

[illegible]

MINES—Contd

Miscellaneous

1990 High	Low	Stock		Price	+ or –	Div Net	C'vr	Y'ld Gr's
190	103	Anglesey Mining 9p	y	103	......	—	—	—
110	28	Do. Warrants	y	28	......	—	—	—
17	8½	Anglo-Dominion		9½	....	—	—	—
651	266	Bond Intl. Gold		328	+6	—	—	—

[illegible]

THIRD MARKET

[illegible]

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, y Gamma
Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.
Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm –) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ● "Tap Stock"
- • Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Not officially listed.
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♦ Not comparable
- ♦ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend. P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1990-91. G Assumed dividend and yield after pending scrip and/or rights issue H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock		Price	+ or –
Craig & Rose £1	y	800	......
Finlay Pkg. 5p	y	51	-2
Holt (Jos) 25p	y	1305	-5

IRISH

Stock		Price	+ or –
Cap. 8½% Ln. 1991		£98	......
9pc Cap Ln. 1996		£91½	......
Fin. 13% 97/02		£108½	......
Arnotts		180	......
Carrol (P.J.)	y	110	......
Hall (R. & H.)		165	......
Heiton Hldgs.	y	58	......
IRG		150	......
United Drug		143	......

TRADITIONAL OPTIONS

3-month call rates

Industrials

Stock	p
Allied-Lyons	40
Amstrad	7
Astec (BSR)	6
BAT	45
BOC Grp	39
BTR	29
Barclays	27
Blue Circle	17
Boots	21
Bowaters	41
Brit Aerospace	43
British Steel	13
Brit. Telecom	22
Cadburys	26
Charter Cons.	37
Comm Union	37
Courtaulds	25
Eurotunnel	55
FKI	5¾
FNFC	20
Gen Accident	46¼
GEC	14
Glaxo	57
Grand Met	44
Guardian	15
GKN	27
Hanson	16
Hawker Sidd	39
ICI	70
Ladbroke	22
Legal & Gen	29½
Lex Service	28
Lloyds Bank	21
Lucas Inds	11
Marks & Spencer	18
Midland Bk	20
Nat West Bk	18
P & O Dfd.	42
Polly Peck	40
Racal Elect.	14
RHM	23
Rank Org Ord	49
Reed Intnl	30
STC	19½
Sears	8½
SmKl. Beecham A	44
TI	37
TSB	10
Tesco	19
Thorn EMI	49
Trust Houses	21
T&N	14
Unilever	58
Vickers	19
Wellcome	38

Property

Stock	p
Brit Land	24
Control Secs.	4
Land Securities	42
MEPC	38
Mountleigh	11

Oils

Stock	p
Aviva Petlm	3½
Brit Petroleum	28
Burmah Castrol	44
Conroy Petlm	20
Gaelic Res.	2
Premier	8½
Shell	40
Tuskar Res	6
Ultramar	31

Mines

Stock	p
Lonrho	21
RTZ	40

FT MANAGED FUNDS SERVICE

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AUTHORISED UNIT TRUSTS

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Abbey Unit Tst Mngrs (1000)H						
80 Holdenhurst Rd, Bournemouth 0345 717373						
High Income						
American Income	HGFG	43 10	43.10xd	46 09	-0 08	5.94
Gilts & Fixed Int	6	103.3	103.3xd	109 6	-0 2	10 04
High Inc Equity	6	121.4	121 4	129 8	-0.2	4 89
Worldwide Bond	6	187 0	187 0xd	198 2	-0 7	6.51
Capital Growth						
American Growth	6	155 6	155 6	166.7	-0.4	1.15
Asian Pacific	6	111 4	113 3	120.5	-0.9	0.10
Assets & Earnings	6	145 2	145 2	155 2	-0.5	3.02
Capital Reserve Acc	0	95 63	95 63	95 68	-0 01	7 46
Capital Reserve Inc	0	80.38	80.38	80.41	-0 02	7 46
Commdty & Energy	6	87.04	87 04xd	93.09	-0.16	1.10
1992 Enterprise	6	55 42	55.42	59 27	-0.13	3 29
Euro Capital Acc	6	88 71	88.71	94.87	-0.55	1.04
Euro Capital Inc	6	85 18	85 18	91.10	-0.52	1.04
General	6	157 3	157 3xd	168.2	-0 70	2.97
Japan	6	90 57	90.57	96 86	-0.29	0 00
Mastertrust	6	79 95	79 95	85.5	-0.36	1 98
UK Growth Acc	6	152.6	152.6	163 2	-0.1	2.50
UK Growth Dist	6	99 67	99.67	106.5	-0.12	2.50
US Emerging Cos	6	45 23	45 88	48 37	-0.12	0.00
Income & Growth	6	266 9	266.9	285.4	-2 7	3 59
Ethical	6	42 88	42 88	45.86	+0 04	2.18
International	6	54 25	54.94	58.44	+0.19	0.86
Dividend & Growth	6	41 35	42 30	44.99	-0.17	6.00
Global Gwth & Sec	6	46 10	46 24	49 19	-0 2	2.03
Abtrust Management Ltd (1200)H						
10 Queens Terrace, Aberdeen AB9 1QJ 0800 833580						
Amer Inc & Growth	5¼	27.33	27 33	29 08	+0.03	2.67
European	5¼	75 94	75 94	80 64	-0.52	0 00

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Newton Fund Mngrs Ltd (1200)F						
2, London Bridge, SE1 071-407 4404						
Newton Income	6	132 4	135 5	144 1	-0 8	5 19
Newton Global	6	203.6	207 8	221.0	-0.7	1.89
Newton General	6	92.59	94 89	101.01	-0.6	4.51
Norwich Union Tst Managers (1200)H						
PO Box 124, 51/59 Rose Lane, Norwich 0603 682234						
Master Trust	6	82.79	82.73xd	88.00	-0.44	2.94
UK Equity	6	88 70	90.15xd	95.90	-0.96	4 87
UK Equity Income	6	89.64	91.20	97.02	-0.97	5.57
UK Smaller Co's	6	75.98	79.18	84.23	-0.02	4.55
UK Equity Growth	6	84.94	86.42	91.94	-0.54	3.11

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Schroder Unit Trusts Ltd – Contd.						
European Gwth	5¼	51.41	51.74	55 04	-0.12	1.66
(Accum Units)	5¼	51.57	51.90	55.21	-0.12	1.66
Euro Smllr Cos	5¼	49.35	49.82	53.00	-0.38	0.43
(Accum Units)	5¼	49.52	49.99	53.18	-0.38	0.43
Far Eastern Gwth ♦	5¼	43.36	44.23	47 05	+0 22	0.00
(Accum Units) ♦	5¼	43.36	44.23	47.05	+0.22	0.00
Fixed Interest	5¼	43.25	43.25xd	45.55	+0.01	10.58
(Accum Units)	5¼	45.90	45 90	48 35	+0.02	10.58
Gilt Income	5¼	84.04	84.04xd	88.55	-0.3	10.50
(Accum Units)	5¼	98.96	98.96	104.20	-0.20	10.50
Income	5¼	216.4	218.7xd	232.6	-0.70	6.73
(Accum Units)	5¼	573.6	579.8	616.8	-1.80	6.73
Japan Smllr Cos ♦	5¼	366.0	369.5	393.0	+3.20	0.
(Accum Units) ♦	5¼	366.7	370.20	393.8	+3.20	0.

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Far East (Pacific)	5¼	92.14	93.04	98.76	-0.57	0 43
Income & Growth	5¼	53 65	54.05xd	57.37	-1.19	5.86
European (z)	5¼	56.43	55 83	59 26	-0.61	0.99
Nth American (z)	5¼	31.39	31.51	33.44	-0.01	1.57
Intl Growth(9-1)	5¼	55.26	56.36	59.82	-0.21	0.84
UK Growth	5¼	46.69	47.09	49.98	-1.31	3 45
Intl Income	5¼	44.94	45.39xd	48 18	-0.55	7.30
High Yield	5¼	42.53	43.16	45.81	-0.39	7 27
Charities	5¼	81.69	82.93xd	88.03	-0.64	6.89
Japan	5¼	35 94	35.94	38.15	-0.23	–
Matheson Unit Trust Managers Ltd (1200)H						
Admin: 5 Rayleigh Rd, Hutton, Brentwood, Essex						
Enquiries: 0277 227300 Dealing 0277 261010						
SE Asia	6	45.27	45.27	48.42	-0.33	2.36
UK Growth (4-1)	6	60 00	60.00	64.17	....	3 85
UK High Income	6	32.48	32.48	34.74	-0.33	5.81
Mayflower Management Co Ltd (1200)F						
PO Box 249, Beckenham, Kent BR8 4WA 081-663 3111						
Income	5	301.3	305.5xd	325 0	-3.2	5 66
Global Inc	5	43.20	43.28xd	46.04	-0 1	5.58
Brit Leaders	5	236.2	236.2xd	251.3	-3.2	4.49
Intl Leaders	5	130.2	130.2xd	138.6	-0.6	3 09
Medical Investments Ltd (1100)F						
1 White Hart Yard, London SE1 1NX 071-407 5966						
Health Fund	5¼	48.99	48 99	53 45	+0.21	.31

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
(Accum Units)	5¼	36.56	37.04	39.82	-0.29	
Income	5¼	43 05	43 05	45.92	-0.34	
(Accum Units)	5¼	113.70	113.70	121.20	-1.00	
Intnl.	5¼	23 57	23.77	25.50	-0.13	
(Accum Units)	5¼	33.31	33.59	36.04	-0.22	
Jap Smaller Cos ♥	5¼	354.70	359.20	383.10	-0.99	
Sing & Malaysian ♥	5¼	106.30	108 80	116 60	-1.90	
(Accum Units) ♥	5¼	110.70	113.30	121.50	-2.00	
Smaller Co's	5¼	27 70	28 84	31 01	-0.06	
(Accum Units)	5¼	30 67	31.94	34.34	-0.06	
Special Sits	5¼	23.91	24.58	26.43	-0.19	
(Accum Units)	5¼	25.78	26.52	28 51	-0.20	
Tokyo ♥	5¼	70.34	70.34	75.02	-0.32	
(Accum Units)	5¼	72.05	71.05	75.78	-0.32	
UK Equity ♥	5¼	120.90	122.90xd	131.00	-1.40	
(Accum Units)	5¼	208.30	211.90	226.00	-2.40	
US Smaller Cos ♥	5¼	45.26	46.44	49.66	-0.31	
National Provident Inv Mgrs Ltd (1400)						
48 Gracechurch St, EC3P 3HH 071-623 4						
NPI American Acc ♥	5	61 88	62.01	65.97	-0.02	
NPI American Dist ♥	5	58.21	58.34	62.06	-0.02	
NPI European Acc	5	69 50	69.70	74.15	-0.19	
NPI European Dist	5	68.44	68.63	73 01	-0.18	
NPI Far East Acc ♥	5	101.42	101.80	108.30	-0.40	
NPI Far East Dist ♥	5	100.69	101.08xd	107 53	-0.40	
NPI O'seas Acc	5	818.3	821.2	873 6	+2.30	
NPI O'seas Dist	5	640 7	643.0xd	684.0	+2.00	
NPI UK Acc	5	426.0	430.4	457 9	-5.30	
NPI UK Dist	5	240 6	243.2	258.7	-3.00	
NPI W'wide Acc	5	67.87	68.59	72.97	-0.15	
NPI W'wide Dist	5	65.43	66.13	70.35	-0.14	

GUIDE TO UNIT TRUST PRICING

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the maximum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ♥ - 0001 to 1100 hours; ♦ - 1101 to 1400 hours; ♠ - 1401 to 1700 hours; ♣ - 1701 to midnight.

HISTORIC PRICING
The letter H denotes that the managers will deal on a historic price basis. This means that investors can obtain a firm quotation at the time of dealing. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.

SCHEME PARTICULARS AND REPORTS
The most recent report and scheme particulars can be obtained free of charge from fund managers. Other explanatory notes contained in last column of the FT Unit Trust Information pages.

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Gold & Exploration	5½	39.55	39.55	42.07	-0.2	–
High Return	5½	207.6	212.6	226 1	-1 0	6.61
High Yield	5½	194 1	194 1	206 4	-0.7	8.97
Income	5½	97.35	97.35xd	103.5	-0 5	8.62
Intl Bond	5½	114.3	114 3xd	121.5	-0.2	7.32
ITU	5½	119.6	119.6	127.2	+0.2	3.77
Japan	5½	97.81	97.81xd	104.0	-0.3	–
Japan Smaller	5½	175 4	175.4	186 5	+1	–
Masterfund	5½	35 12	35.12	37.36	-0.1	2.85
New Technology	5½	86.95	86.95	92.50	-0 27	–
Scotbits	5½	143 8	144.8	154.0	+0.6	3.29
Scotshares	5½	197.8	197 8	210.4	-0.2	3 68
Scotyields	5½	191 5	195 0xd	207 4	-0.2	6.86
Select Intl	5½	91.89	91.89	97.75	-0.13	0.16
Smaller Cos Inc	5½	185.0	185.0	196.8	....	6.93
SE Asia	5½	217.1	217.1	230.9	-1.7	2.19
Special Situation	5½	101.0	101.0	107 4	-0.2	2.02
UK Equity	5½	203 9	205.9xd	219.0	+1.2	4.39
UK Smllr Cos Gwth	5½	43.45	44 20	47 02	+0 08	5.37
U.S.	5½	78.96	78.96	84.00	-0 06	1.00
Unis Growth	5½	96.19	96 19	102.3	-0.2	0.91
For Savings Corp see Whittingdale						
Schroder Unit Trusts Ltd (1600)F						
36 Old Jewry, London EC2R 8BS						
Public Dlg: 071-606 8484 Broker Dlg: 071-606 0033						
Retail Funds						
American	5¼	133.9	134.5	143.0	+1.67	1.96
(Accum Units)	5¼	142.6	143 1	152 2	+1.67	1.96
Australian	5¼	112.3	114 2xd	121.4	-0.30	1.57
(Accum Units) ♦	5¼	129.4	131 5	139 8	-0.60	1.57
Enterprise	5¼	117 9	119 8	127 4	-0.70	4.42
(Accum Units)	5¼	125.6	127.7	135.8	-0 70	4 42

TSB Unit Trusts
Charlton Pl, Andover, Ha[illegible]
TSB American; Do Accum; TSB Brit Growth; Do Accum; TSB European; Do Accum; TSB Extra Income; Do Accum; TSB Smaller Cos; Do Accum; TSB General; Do Accum; TSB Premier Income; Do Accum; TSB Income; Do Accum; TSB Pacific; Do Accum; TSB International; Do Accum; TSB Nat. Resources; Do Accum; TSB Sictd Opps; Do Accum; Environmental Inv; Do Accum; TSB Selector; Do Accum; TSB High Income; Do Accum; TSB Intl Income; Do Accum; TSB Selector Income; Do Accum

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	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Target Trust Mngrs Ltd (1600)F						
Target Hse, Gatehouse Rd, Aylesbury, Bucks						
Admin: 0296 394000 Dealing: 0296 312156						
American Eagle	5	63 83	63 83	68.06	-0.12	1 13
Australia	5	6 500	6 500	6.953	-0.12	1 13
Equity	5	141.9	141.9	152 3	-1.10	3 84
Euro Spec Sits	5	105.9	105 9	113 9	-0.3	0 61
Financial	5	25 58	25 58xd	27.56	-0.26	3 15
Global Opps Inc	5	60.98	60.98	65.57	-0.13	0.00
Global Opps Acc	5	61 44	61.44	66 07	-0.12	0 00
Gold & Gen Inc	5	41.70	41 70	44.76	-0 09	0.89
Gold & Gen Acc	5	77.73	77.73	83 42	-0.17	0.89
Income	5	87.16	87 16xd	93.73	-0 49	6.61
Japan & General	5	114.6	114 6xd	123.4	-0.5	0 00
Preference Share	5	17 57	17.57	18 88	+0.03	14.05
UK Capital	5	77 89	77 89xd	83.60	-0 45	4 03
World Income	5	56.53	56.53	60.57	-0.05	5 83
Worldwide Capital	5	151.2	151 2	162 5	-0 8	3.36
Templeton Unit Trust Managers Ltd (1200)F						
Atholl Crescent, Edinburgh EH3 8HA 031 228 3932						
Global Growth Acc	6	104 22	104 94	112.24	-0 59	3.31
Global Growth Inc	6	100 13	100 83	107.84	-0.57	3.31
Global Balanced Acc	6	101.26	101.69	108 76	-0.4	4.53
Global Balanced Inc	6	96.27	96.68	103.40	-0 39	4.53
Value Tst Acc		74 71	75 86	81 13	-0.54	4.07
Value Tst Inc	6½	72.85	73.96	79.11	-0.52	4.07
Intl Pen & Ch'ties Inc ♦	2	98.50	99 88	104 86		3.57
Intl Pen & Ch'ties Acc ♦	2	96.57	97.93	102.81		3.57
Thornhill Unit Trust Managers Ltd (1200)F						
28 St John's Sq, London EC1M 4AE 071-251 6767						
Capital	5	47.17	47.45	50 47		–
Overseas	5	41.82	42.09	44 77		–
Thornton Unit Managers Ltd (1000)F						
33 Cavendish Sq, London W1M 0DH 071-493 7262						
Dealing 071-493 8545						
American Opps	5	45.51	45.51	48 54	-0.06	0 23
(Accum Units)	5	46 84	46.84	49 95	-0.06	0 23
Cash	0	50 17	50.17	50 17	+0.02	14.82
Accum Units	0	50.17	50.17	50 17	+0.02	14 82
European Opps ♦	5	65.03	65.03	69 35	+0.09	0.00

	Bid Price	Offer Price	+ or -	Yield Gross
Murray Johnstone UT Mngmt				
Murray Exempt Funds				
Amer Expt Sept 5	41.9	43.5xd		2.39
Euro Expt Sept 5	50 8	53.3xd		2.85
Fixed Int Ex Sept 5	42.3	43.5		11.62
Japan Expt Sept 5	41 5	43.2		0.77
Managed Ex Sept 6	40 0	41.5		5.25
SE Asia Expt Sept 5	62 1	65.1		3.32
Sm Cos Expt Sept 5	32.1	33.7		5.17
UK Eqty Ex Sept 5	37.2	39.0xd		4.86
Phillips & Drew Fund Management Ltd				
Small Co's Sep 5	641 8	685.8		5.25
Do Accum	706 9	755 2		5.25
Int Expt Sept 13	159 1	161 8	+3 2	3.4
UK Index Sept 5	1015	1035		5.1
Do Accum	1059	1080		5.1
Convertible Sept 10	83.40	85.88		8.3
World ex UK Index Sept 10	685.8	695 0		2.40
Do Accum	685.5	695 0		2.40
Japan Index Sept 10	553.8	561.9		0.6
Do Accum	554.8	562.9		0.6
USA Index Sept 10	781.8	786 9		3.7
Do Accum	792 8	797.9		3.7
Europe ex UK Index Sept 10	854.2	875.1		2.8
Do Accum	867 5	888.6		2.8
Pacific ex Jap Index Sept 10	833 2	856.2		5.2
Do Accum	848.9	872.3		5.2
Managed Exempt Sept 13	92.52	94 11	+1.35	5.58
NM Rothschild Asset Management Ltd				
NC Managed	54 2	57.7xd	-0 4	4.17
NC Property	179.5	196.5		–
J. Rothschild Fund Managers Ltd				
Intl Exempt Accum	130.5	131.6		2.97
Stewart Ivory & Co Ltd				
Saints PPP Aug 13	245 8	258.1		–
Closed to new business				

	Bid Price	Offer Price	+ or -	Yield Gross
American Life Insurance Co UK				
2-8 Altyre Road, Croydon CR9 2LA 081-680 6000				
Life Funds (Accumulation Units)				
Premier Managed(z)	144.5	152.2		–
Alpha Managed(z)	94 9	100 0	+0 4	–
HICA Managed(z)	87.7	92.2	+0 4	–
Pension Funds (Accumulation Units)				
Premier Managed(z)	172.2	181.3	-0.1	–
Alpha Managed(z)	102.1	107.6	+0.5	–
Avon Insurance Plc				
Tiddington Rd, Stratford-upon-Avon CV37 0789 204211				
Bonus Fund	72.73	74.22		–
Barclays Life Assur. Co Ltd				
252 Romford Road, London				

Clerical Medical/Fidelity International – Contd.

Family Assurance Society

Hill Samuel Life Assur. Ltd

Lifetime Assurance Co Ltd

Merchant Investors Assurance Co Ltd – Contd.

INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page

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Norwich Union Asset Management Ltd
PO Box 124, Norwich NR1 3JS 0603 683986

	Bid Price	Offer Price	+ or -	Yield Gross
NUAM Funds				
Managed Fund	61.9	65.1	-0.4	-
Stock Market Mngd Fund	59.1	62.2	-0.4	-
Equity Fund	65.9	69.4	-0.6	-
International Fund	53.0	55.8	-0.3	-
European Fund	64.9	68.3	-0.5	-
North American Fund	51.8	54.5	+0.1	-
Pacific Fund	56.3	59.2	-0.4	-
Property Fund	87.0	91.5	....	-
Fixed Interest Fund	51.3	54.0	-0.1	-
Index linked Sec Fund	57.6	60.6	+0.1	-
Deposit Fund	64.9	68.4	....	-
NUAM Retirement Plans				
Mixed Fund	66.9	70.5	-0.4	-
UK Ordinary Share Fd	75.9	79.9	-0.8	-
International Fund	57.5	60.5	-0.2	-
Property Fund	85.2	89.7	....	-
Fixed Interest Fund	60.9	64.1	....	-
Index Linked Sec Fund	60.8	64.0	+0.1	-
Deposit Fund	75.0	79.0	....	-
NUAM (NPF)				
Managed Fund	875.0	921.1	-5.3	-
Equity Fund	1814.0	1909.5	-16.1	-
International Fund	140.0	147.4	-0.6	-
Property Fund	550.2	579.2	+0.1	-
Fixed Interest Fund	384.4	404.7	-0.6	-
Index Linked Sec Fund	58.6	61.7	+0.1	-
Deposit Fund	267.1	281.2	+0.1	-

Norwich Union Life Insurance Soc.
Surrey Street, Norwich NR1 3NG 0603 622200

	Bid Price	Offer Price	+ or -	Yield Gross
Unitised Life				
With Profits Fd	104.43	109.93	+0.03	-
Managed Fd	84.20	88.63	-0.53	-
UK Ord Share Fd	86.55	91.11	-0.77	-
International Fd	78.51	82.64	-0.35	-
European Fd	90.03	94.77	-0.63	-
North American Fd	78.86	83.01	+0.09	-
Pacific Fd	71.19	74.94	-0.51	-
Property Fd	99.84	105.10	+0.02	-
Fixed Int Fd	92.63	97.51	-0.07	-

Providence Capital Life Assc. Co Ltd — Contd.

	Bid Price	Offer Price	+ or -	Yield Gross
Individual Pension Funds				
UK Equity Acc	207.3	218.7	-2.9	-
UK Fixed Interest Acc	188.7	199.1	-0.2	-
Intl Equities Acc	211.5	223.2	+0.3	-
UK Managed Acc	169.3	178.5	-1.4	-
Property Acc	208.4	219.9	....	-
Money Acc	146.9	155.0	....	-
Special Market Acc	221.8	234.0	-0.6	-
Japan Equity Acc	160.8	169.7	-1.0	-
North American Acc	109.3	115.4	+0.4	-
Pacific Acc	164.8	173.9	-1.1	-
Technology Acc	140.9	148.7	-1.3	-
Natural Resources Acc	102.3	108.0	-0.1	-
European Acc	116.8	123.3	-0.9	-
Residential Prop Acc	105.7	111.6	....	-
Swiss Equities Acc	35.0	37.0	-0.3	-
Hong Kong Acc	48.9	51.6	-0.1	-
UK High Inc Eqs Acc	67.1	70.8	-0.9	-
Int Fixed Interest Acc	52.5	55.4	-0.1	-
Int Managed Acc	54.1	57.0	....	-
Group Pension Funds				
Equity Acc	724.5	747.0	+0.7	-
Fixed Interest Acc	556.5	573.8	....	-
Managed Acc	121.4	123.8	+0.5	-

Provident Life Assoc Ltd
Provident Way, Basingstoke RG21 2SZ 0256 470707

	Bid Price	Offer Price	+ or -	Yield Gross
Unit Fund (Mixed)	987.6	1037.0	+1.2	-
Equity Fund	225.8	237.1	+0.5	-
International Fd	131.2	137.8	-0.2	-
Fixed Interest Fd	155.0	162.8	-0.1	-
Property Fund	227.3	238.7	....	-
Index-Linked Fund	145.8	153.1	-0.1	-
Deposit Fund	154.2	161.9	....	-
Pens. Mixed (Ord) Fd	240.1	252.1	+0.3	-
Gold Pensions				
Discretionary Fund		117.0	+0.1	-
Equity Fund		116.7	+0.3	-
Fixed Interest Fund		113.0	-0.3	-
International Fund		101.2	....	-
Property Fund		138.0	....	-
Index-Linked Fund		121.8	....	-

Sun Alliance International Life
PO Box 77, New St, St Peter Port, Guernsey 0481 714108

	Bid Price	Offer Price	+ or -	Yield Gross
North American Equity $	$8.18	8.81	....	-
Pacific Equity $	$7.23	7.79	....	-
Intl Currency $	$4.23	4.56	....	-
Intl Bond Fund $	$6.63	7.14	....	-
Gilt Fund £	£3.84	4.14	....	-
US Dollar Mngd Fd $	$1.63	1.76	....	-
Stlg Managed Fd £	£1.04	1.12	....	-

Target International Group
Tlx 2809 Tel 4050751

J. D. Ward Financial Services Ltd
9 Kingsway, London, WC2 B6XF 01-836 4321

	Bid Price	Offer Price	+ or -	Yield Gross
Target Mngd Bond	189.6	199.6	+0.8	-
Target Mngd Pension	116.2	122.4	+0.3	-
Albany Life Acc	172.9	181.9	-0.6	-
Albany Pens Acc	215.5	226.8	-0.9	-

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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Greenspan rate hint hits dollar

HINTS OF lower interest rates depressed the US and Canadian dollars yesterday. Sterling was steady for most of the day but slipped against the D-Mark in late trading, ahead of today's news on UK inflation.

The US dollar weakened after Mr Alan Greenspan, chairman of the Federal Reserve Board, told a Congressional banking committee that interest rates will fall if a credible agreement to cut the Federal budget deficit is struck. He said rates will fall as long as markets perceive the agreement as real and not just a goal. He added that the Fed was likely to ease its monetary stance to accommodate changes in the marketplace.

Other comments by Mr Greenspan also tended to weigh on the dollar. He told the committee that there are "all too many problems" in the banking system and that these have grown as banks have experienced a deterioration in the quality of their loan portfolios.

At the London close the dollar was around the bottom of the day's range. It had been firmer before Mr Greenspan's comments, opening in New York at DM1.5925, but then fell through technical support at DM1.5830 and closed in London at DM1.5745 compared with DM1.5875 on Wednesday. The dollar also declined to Y137.30 from Y137.65; to SFr1.3125 from SFr1.3225; and to FFr5.2725 from FFr5.3175. On Bank of England figures its index rose to 63.3 from 63.2.

The Canadian dollar was hit by selling after Mr John Crow, governor of the Bank of Canada, hinted at an easing of monetary policy. He said that demand in the economy has eased and as "pressures on inflation have become less intense there has been scope for easier monetary conditions." In London the US dollar rose to C$1.1640 from C$1.1625.

Sterling improved against the weak dollar, but lost ground to the D-Mark and other members of the European Monetary System. A rise of 22,300 in August UK unemployment was higher than most forecasts, while an unchanged rise of 10 per cent in July average earnings was in line with expectations.

The data had little impact on the pound however as dealers waited for more news on the British economy today. The most important figures are likely to be on retail prices. Year-on-year inflation was just below 10 per cent in July, but high oil prices are expected to have pushed the rate into double figures in August.

Sterling rose 1.30 cents to $1.8775 and climbed to Y257.75 from Y256.75. It was unchanged at SFr2.4650 but fell to DM2.9550 from DM2.9600 and to FFr9.9000 from FFr9.9150. The pound's index closed unchanged at 93.7.

The Japanese yen was hit by profit-taking after its recent strong advance. The D-Mark rose to Y87.20 from Y86.70, but dealers in Tokyo suggested that corporate demand for the yen, at the financial half-year, is unlikely to peak until next week.

£ IN NEW YORK

Sept 13	Latest	Previous Close
£ Spot	1.8755-1.8765	1.8580-1.8590
1 month	1.03-1.02pm	1.06-1.04pm
3 months	3.02-3.00pm	3.02-2.99pm
12 months	10.0-9.95pm	10.0-9.95pm

Forward premiums and discounts apply to the US dollar

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Sept 13	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.1679	42.3925	+0.53	+0.17	±1.5508
Danish Krone	7.79845	7.86795	-0.89	+0.53	±1.6453
German D-Mark	2.04446	2.06216	+0.87	+0.51	±1.1762
French Franc	6.85684	6.90582	+0.71	+0.35	±1.3618
Dutch Guilder	2.30358	2.32361	+0.87	+0.51	±1.5272
Irish Punt	0.763159	0.768318	+0.68	+0.32	±1.6689
Italian Lira	1529.70	1537.46	+0.51	+0.15	±1.5162
Spanish Peseta	132.889	129.466	-2.58	-2.94	±4.2705

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Sep 13	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.8550 - 1.8780	1.8770 - 1.8780	1.03-1.01cpm	6.52	3.03-3.00pm	6.42
Canada	2.1660 - 2.1895	2.1860 - 2.1870	0.41-0.32cpm	2.00	1.23-1.09pm	2.12
Netherlands	3.32½ - 3.34	3.32½ - 3.33½	1¼-1⅛cpm	6.08	5¼-5pm	6.08
Belgium	60.60 - 61.25	61.15 - 61.25	32-25cpm	5.59	92-78pm	5.56
Denmark	11.28½ - 11.36¼	11.35¼ - 11.36¼	4¼-3⅝orepm	4.09	11⅝-10⅝pm	3.92
Ireland	1.0990 - 1.1075	1.1015 - 1.1025	0.41-0.37cpm	4.25	1.05-0.95pm	3.63
W. Germany	2.95¼ - 2.96½	2.95¼ - 2.95¼	1⅝-1½pfpm	6.35	4⅝-4½pm	6.18
Portugal	260.55 - 263.05	260.55 - 261.55	24-5cpm	0.67	22-73dis	-0.73
Spain	185.20 - 186.70	185.50 - 185.80	9-3cpm	0.39	9-1pm	0.11
Italy	2202½ - 2212½	2204¼ - 2205¼	11-9lirepm	5.44	25-23pm	4.35
Norway	11.40¼ - 11.50½	11.49½ - 11.50½	4⅝-3⅞orepm	4.43	12⅜-11⅛pm	4.13
France	9.89¼ - 9.93¼	9.90½ - 9.91½	4-3⅞cpm	4.77	11⅛-10⅞pm	4.41
Sweden	10.81¼ - 10.86	10.84¼ - 10.85¼	2¼-1⅞orepm	2.26	4⅝-3⅞pm	1.57
Japan	256¼ - 258¼	257¼ - 258¼	1½-1⅜ypm	6.69	4-3⅞pm	6.11
Austria	20.76½ - 20.87¼	20.79½ - 20.82½	11⅞-11grpm	6.60	31⅛-28⅞pm	5.77
Switzerland	2.46 - 2.47½	2.46 - 2.47	1½-1⅜cpm	7.00	4-3⅞pm	6.29
ECU	1.4340 - 1.4355	1.4340 - 1.4350	0.63-0.60cpm	5.14	1.70-1.65pm	4.67

Commercial rates taken towards the end of London trading. Six-month forward dollar 5.75-5.70cpm. 12 Month 10.02-9.95pm.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Sep 13	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8550 - 1.8780	1.8770 - 1.8780	1.03-1.01cpm	6.52	3.03-3.00pm	6.42
Ireland†	1.6825 - 1.6935	1.6925 - 1.6935	0.34-0.29cpm	2.23	1.30-1.20pm	2.95
Canada	1.1625 - 1.1695	1.1635 - 1.1645	0.42-0.45cdis	-4.48	1.25-1.30dis	-4.38
Netherlands	1.7735 - 1.7965	1.7735 - 1.7745	0.03-0.05cdis	-0.27	0.17-0.20dis	-0.42
Belgium	32.50 - 32.65	32.55 - 32.65	1-4cdis	-0.92	4-11dis	-0.92
Denmark	6.05 - 6.08	6.05 - 6.05½	1.20-1.35oredis	-2.53	3.75-4.15dis	-2.61

Long term Eurodollars: two years 8⅞-8¾ per cent; three years 8⅞-8⅝ per cent; four years 9-8⅞ per cent; five years 9⅛-9 per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice

EXCHANGE CROSS RATES

Sept 13	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1	1.878	2.955	257.8	9.900	2.465	3.330	2204	2.187	61.20
$	0.532	1	1.573	137.3	5.272	1.313	1.773	1174	1.165	32.59
DM	0.338	0.636	1	87.24	3.350	0.834	1.127	745.9	0.740	20.71
YEN	3.879	7.285	11.46	1000.	38.40	9.562	12.92	8549	8.483	237.4
F Fr.	1.010	1.897	2.985	260.4	10.	2.490	3.364	2226	2.209	61.82
S Fr.	0.406	0.762	1.199	104.6	4.016	1	1.351	894.1	0.887	24.83
H Fl.	0.300	0.564	0.887	77.42	2.973	0.740	1	661.9	0.657	18.38
Lira	0.454	0.852	1.341	117.0	4.492	1.118	1.511	1000.	0.992	27.77
C $	0.457	0.859	1.351	117.9	4.527	1.127	1.523	1008	1	27.98
B Fr.	1.634	3.069	4.828	421.2	16.18	4.028	5.441	3601	3.574	100.

Yen per 1,000: French Fr. per 10: Lira per 1,000 Belgian Fr. per 100

OTHER CURRENCIES

Sep 13	£	$
Argentina	11078.9 - 11102.2	5950.00 - 5960.00
Australia	2.2735 - 2.2760	1.2215 - 1.2225
Brazil	130.735 - 131.700	70.20 - 70.70
Finland	6.9415 - 6.9640	3.7310 - 3.7340
Greece	281.00 - 293.00	151.50 - 158.10
Hong Kong	14.4535 - 14.4670	7.7680 - 7.7700
Iran	123.70*	66.20*
Korea(Sth)	1316.30 - 1337.50	712.70 - 718.30
Kuwait	N/A	N/A
Luxembourg	61.15 - 61.25	32.55 - 32.65
Malaysia	5.0150 - 5.0270	2.6970 - 2.6990
Mexico	5389.50 - 5409.60	2894.00 - 2904.00
N.Zealand	2.9805 - 2.9855	1.6015 - 1.6040
Saudi Ar	6.9750 - 6.9805	3.7495 - 3.7505
Singapore	3.3130 - 3.3206	1.7800 - 1.7820
S.Af (Cm)	4.8110 - 4.8230	2.5865 - 2.5880
S.Af (Fn)	7.3000 - 7.4460	3.9215 - 4.0000
Taiwan	50.80 - 50.90	27.30 - 27.35
U.A.E.	6.8270 - 6.8370	3.6700 - 3.6735

* Selling rate

† European Commission Calculations. * All SDR rates are for Sep.12

CAC-40 FUTURES (MATIF) Stock index

	Open	Close	Change	High	Low	Open Int.
September	1685.0	1649.0	+3.0	1667.0	1640.0	10,117
October	1682.0	1659.0	+8.0	1668.0	1658.5	765
November	1690.0	1678.0	+17.0	1678.0	1678.0	-
December	-	-	-	-	-	51

Estimated volume 4,291 Total Open Interest 10,933

BASE LENDING RATES

	%		%		%
ABN Bank	15	Coutts & Co	15	NatWestminster	15
Adam & Company	15	Cyprus Popular Bk	15	Northern Bank Ltd	15
Allied Trust Bank	15	Dunbar Bank PLC	15	Nykredit Mortgage Bank	15½
Allied Irish Bank	15	Duncan Lawrie	15	Provincial Bank PLC	16
● Henry Ansbacher	15	Equatorial Bank plc	15	Roxburghe Bank Ltd.	15½
Associates Cap Corp	15½	Exeter Trust Ltd	15½	Royal Bk of Scotland	15
● B & C Merchant Bank	15	Financial & Gen. Bank	15	Royal Trust Bank	15
Bank of Baroda	15	First National Bank Plc.	16½	● Smith & Williamson Secs.	15
Banco Bilbao Vizcaya	15	● Robert Fleming & Co.	15	Standard Chartered	15
Bank Credit & Comm	15	Robert Fraser & Ptnrs.	15½	TSB	15
Bank of Cyprus	15	Girobank	15	Unibank plc	15
Bank of Ireland	15	● Guinness Mahon	15	● United Bk of Kuwait	15
Bank of India	15	HFC Bank plc	15	United Mizrahi Bank	15
Bank of Scotland	15	● Hambros Bank	15	Unity Trust Bank Plc	15
Banque Belge Ltd	15	Hampshire Trust Plc	15½	Western Trust	15
Barclays Bank	15	Heritable & Gen Inv Bnk.	15	Westpac Bank Corp.	15
Benchmark Bank	15	● Hill Samuel	§15	Whiteaway Laidlaw	15
Brit Bk of Mid East	15	C. Hoare & Co.	15	Yorkshire Bank	15
● Brown Shipley	15	Hongkong & Shangh	15		
CL Bank Nederland	15	● Leopold Joseph & Sons	15		
● Charterhouse Bank	15	Lloyds Bank	15		
Citibank NA	15	Meghraj Bank Ltd	15		
City Merchants Bank	15	McDonnell Douglas Bnk.	15		
Clydesdale Bank	15	Midland Bank	15		
Comm. Bk. of London Plc	15	Mount Banking	15		
Co-operative Bank	*15	Nat Bk. of Kuwait	15		

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FINANCIAL FUTURES AND OPTIONS

MONEY MARKET FUNDS

MONEY MARKETS

London rates steady

INTEREST RATES were steady and short sterling futures were becalmed in London yesterday, as financial markets showed little reaction to UK employment data. Unemployment was higher than expected, giving some encouragement that inflationary pressure will ease, while the unchanged rise in average earnings had been widely forecast.

Three-month sterling interbank was quoted at 14¹³⁄₁₆-14²¹⁄₃₂ per cent against 14¹³⁄₁₆-14⅞ on Wednesday, and 12-month money eased to 14⅞-14⅝ per cent from 14⅞-14¾.

UK clearing bank base lending rate 15 per cent from October 5, 1989

Short sterling futures traded quietly on Liffe and remained trapped in a very narrow range. December delivery opened slightly easier at 85.70. This was also the day's low, with the contract touching 85.75, before closing at 85.74 compared with 85.71 on Wednesday.

Day-to-day credit was in very short supply on the money market, prompting an offer of early assistance from the Bank of England. Most of this early help was provided at a slightly higher rate than usual, but this was for purely technical reasons. The shortage was initially estimated at £1,200m, but was revised to £1,250m at noon and to £1,150m in the afternoon.

Total assistance of £1,143m was provided. The early help of £441m was made up of £5m band 2 Treasury bills bought outright at 14¾ per cent. Another £436m band 2 bank bills were purchased outright at the slightly higher rate of 14²⁵⁄₃₂ per cent.

Before lunch the authorities bought another £509m bills, by way of £19m Treasury bills in band 1 at 14⅞ per cent and £490m bank bills in band 1 at 14⅞ per cent. In the afternoon £83m bank bills were purchased in band 1 at 14⅞ per cent. Late assistance of around £110m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £1,430m, with a rise in the note circulation absorbing £50m and bank balances below target £100m. These outweighed Exchequer transactions adding £375m to liquidity.

In Frankfurt call money was unchanged at 8.00 per cent, with banks finding conditions fairly comfortable. Borrowing under the Bundesbank's 8 per cent Lombard emergency financing facility fell to DM1.2bn on Wednesday, from DM1.8bn on Tuesday and DM5.4bn on Monday.

FT LONDON INTERBANK FIXING

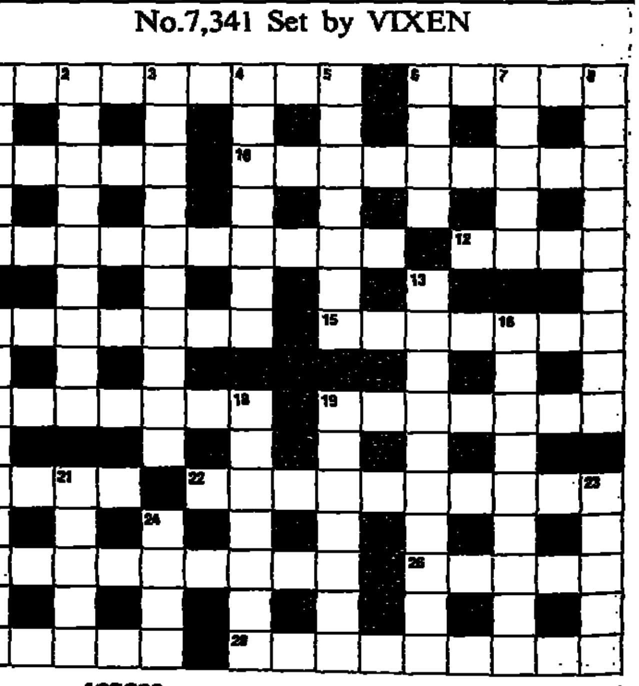
MONEY RATES

LONDON MONEY RATES

JOTTER PAD

CROSSWORD

No.7,341 Set by VIXEN



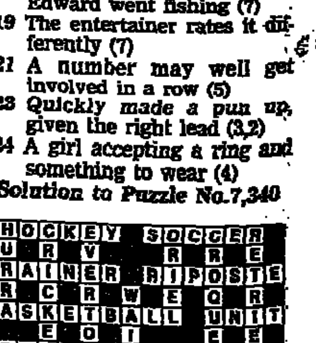
ACROSS

1 Applies for training (9)
6 Payment secured by a twister (5)
9 Stable worker – he's just got married (5)
10 Sort of bread that satisfies the appetite totally (9)
11 Wristwatch for a top man? By no means! (5-5)
12 The French point, being smaller (4)
14 Original one – one in Latin maybe (7)
15 Almost all in black will find a buyer (7)
17 Repents – makes an offering (7)
19 Included in general anxiety about the medico (7)
20 One consumes a little because required to do so (4)
22 After many a bloomer this is to be made official (10)
25 Remains when breakfast's over, as press man will on board (3-6)
26 He takes pounds in small change (5)
27 Let it go free – that's right (5)
28 The main rest-period? (4,5)

DOWN

1 Sidesteps – goes around (5)
2 Calling up vet, voice a perplexity (9)
3 Frank having to fill in a guy rolling in, he'll object (10)
4 A flighty creature made out the account (7)
5 Those keeping count may well be crosser (7)
6 Cheek in a systematic way (4)
7 Serving men appearing before the first woman magistrate (5)
8 Water-supplies restricted, not squandered (4-5)
13 Grants made once a wall's renovated (10)
14 Heedless youngster who's wayward and saucy, not heartless (9)
16 Game for some music? (9)
18 Carrying a little food, Edward went fishing (7)
19 The entertainer rates it differently (7)
21 A number may well get involved in a row (5)
23 Quickly made a pun up, given the right lead (3,2)
24 A girl accepting a ring and something to wear (4)

Solution to Puzzle No.7,340



WORLD STOCK MARKETS

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INDICES

NEW YORK

DOW JONES	Sept. 12	Sept. 11	Sept. 10	Sept. 7	1990 HIGH	1990 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	2625.74	2612.62	2615.59	2619.55	2999.75 (16/7)	2483.42 (23/8)	2999.75 (16/7/90)	41.22 (2/7/32)
Home Bonds	89.49	89.51	89.54	89.50	93.04 (3/1)	88.48 (2/5)	—	—
Transport	908.65	909.84	908.10	908.28	1212.77 (6/6)	861.31 (23/8)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	201.71	200.08	200.45	200.89	236.23 (2/1)	190.96 (24/8)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 2639.11 (2365.34) Low 2592.33 (2586.88)

STANDARD AND POOR'S	Sept. 12	Sept. 11	Sept. 10	Sept. 7	1990 HIGH	1990 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	322.54	321.04	321.63	323.40	368.95 (16/7)	307.06 (23/8)	368.95 (16/7/90)	4.40 (1/6/32)
Industrials	381.96	380.23	380.57	382.67	437.37 (16/7)	362.23 (23/8)	437.37 (16/7/90)	3.62 (21/6/32)
Financial	23.64	23.64	23.92	24.03	31.87 (3/1)	22.87 (23/8)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	177.09	176.39	176.70	177.51	201.13 (16/7)	168.88 (23/8)	201.13 (16/7/90)	4.46 (25/4/42)
Amex Mkt. Value	323.19	323.01	323.21	323.77	382.45 (5/1)	315.85 (23/8)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	380.32	379.49	381.73	380.38	469.60 (16/7)	360.22 (23/8)	485.73 (9/10/89)	54.87 (31/10/72)

	Sept 7	Aug 24	Aug 17	year ago (approx.)
Dow Industrial Div. Yield	3.86	4.29	4.10	3.70

	Sept 5	Aug 29	Aug 22	year ago (approx.)
S & P Industrial div. yield	3.24	3.24	3.34	2.81
S & P Indl. P/E ratio	15.47	15.47	14.96	14.42

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day
Alcan Aluminium	3,428,700	22⅛	+ ½
Carson & BL	3,013,800	37⅝	+ 6⅞
Tandem Comp	1,925,400	11⅝	+ ⅛
Brown Ferris	1,920,200	33	- 1½
Santa Fe S Pac	1,878,000	14⅞	- ⅛
Gulf States Util	1,705,800	10⅛	- 1⅛
Am T & T	1,525,000	30⅝	- ½
Pepsico	1,434,600	25½	+ ⅜
Wal-Mart Stores	1,411,600	26½	- ¼
Toys R US	1,343,100	22⅞	- ⅛

TRADING ACTIVITY

† Volume (Millions)	Sept. 12	Sept. 11	Sept. 10
New York	129,890	113,220	121,165
Amex	9,261	7,565	10,588
NASDAQ	98,468	100,067	98,259
Issues Traded	1,941	1,943	1,962
Rises	783	601	761
Falls	629	833	726
Unchanged	529	509	475
New Highs	10	5	7
New Lows	91	91	76

CANADA

TORONTO	Sept 12	Sept 11	Sept 10	Sept 7	1990 HIGH	1990 LOW
Metals & Minerals	3074.10	3005.40	2984.20	2976.62	3453.05 (4/1)	2850.80 (23/4)
Composite	3271.80	3272.30	3287.70	3287.02	4009.47 (3/1)	3287.02 (7/9)
MONTREAL Portfolio	1710.83	1710.44	1721.82	1717.50	2060.90 (3/1)	1717.50 (7/9)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Sept. 13	Sept. 12	Sept. 11	Sept. 10	1990 HIGH	1990 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1494.9	1512.5	1499.4	1499.7	1713.7 (12/1)	1434.5 (30/4)
All Mining (1/1/80)	744.9	750.9	741.7	743.9	860.8 (5/1)	711.7 (2/7)
AUSTRIA						
Credit Aktien (30/12/84)	511.07	517.73	519.25	529.02	703.29 (19/3)	464.55 (25/8)
BELGIUM						
Brussels SE (Cash Mkt) (1/1/80)	5518.31	5539.82	5501.85	5518.51	6599.43 (12/1)	5243.52 (23/8)
DENMARK						
Copenhagen SE (3/1/83)	(u)	360.33	358.56	357.69	388.29 (20/7)	347.69 (23/8)
FINLAND						
Unitas General (1975)	478.9	483.6	486.0	489.2	677.3 (23/1)	478.9 (13/9)
FRANCE						
CAC General (31/12/82)	451.65	452.93	448.80	454.24	564.62 (30/5)	417.98 (22/8)
CAC 40 (31/12/87)	1646.27	1648.09	1653.94	1661.76	2129.32 (20/4)	1546.51 (21/8)
GERMANY						
FAZ Aktien (31/12/58)	675.88	681.88	674.16	683.46	832.32 (19/7)	655.37 (23/8)
Commerzbank (1/12/53)	1940.0	1958.9	1934.3	1962.7	2414.0 (3/4)	1875.4 (23/8)
DAX (30/12/87)	1582.95	1598.34	1577.42	1600.45	1968.55 (30/3)	1520.34 (23/8)
HONG KONG						
Hang Seng Bank (31/7/64)	3093.97	3105.04	3083.57	3087.74	3559.89 (23/7)	2738.24 (1/2)
IRELAND						
ISEQ Overall (4/1/88)	1280.79	1280.62	1269.92	1286.16	1893.10 (22/1)	1259.61 (7/9)
ITALY						
Banca Com. Ital. (1972)	617.14	612.15	609.35	607.56	763.52 (14/6)	584.37 (24/8)
JAPAN						
Nikkei (16/5/49)	25075.08	25216.14	24604.66	25080.90	38712.88 (4/1)	23737.63 (23/8)
Tokyo SE (Topix) (4/1/68)	1912.68	1913.72	1880.78	1903.28	2867.70 (4/1)	1829.25 (23/8)
2nd Section (4/1/68)	3598.00	3591.55	3683.40	3612.24	4477.16 (16/7)	3313.92 (5/4)
MALAYSIA						
KLSE Composite (4/4/86)	543.27	545.55	543.24	544.24	632.22 (1/8)	480.77 (23/8)
NETHERLANDS						
CBS Ttl.Rtn.Gen.(End 1983)	248.6	249.1	249.1	249.9	271.9 (20/7)	236.7 (23/8)
CBS All Shr (End 1983)	184.2	184.5	184.5	185.1	206.3 (3/1)	176.1 (24/8)
NORWAY						
Oslo SE (Ind) (2/1/83)	872.47	874.70	873.62	861.87	915.13 (2/8)	701.67 (2/1)
PHILIPPINES						
Manila Comp (2/1/85)	671.43	670.24	695.36	701.68	1160.70 (21/3)	670.24 (12/9)
SINGAPORE						
SES All-Singapore (2/4/75)	350.42	351.17	350.24	351.19	446.87 (16/7)	321.66 (23/8)
SOUTH AFRICA						
JSE Gold (28/9/78)	1576.0	1586.0	1563.0	1598.0	2230.0 (16/1)	1322.0 (20/6)
JSE Industrial (28/9/78)	2844.0	2849.0	2850.0	2866.0	3211.0 (6/2)	2738.0 (24/8)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	608.04	610.88	613.49	612.63	928.82 (4/1)	587.38 (25/8)
SPAIN						
Madrid SE (30/12/85)	235.95	240.51	242.41	246.27	309.74 (16/7)	234.79 (23/8)
SWEDEN						
Affärsvärlden Gen. (1/2/37)	1132.1	1131.2	1133.5	1135.9	1329.9 (5/7)	1086.4 (23/8)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	687.7	691.2	684.5	687.3	845.5 (13/7)	656.4 (23/8)
TAIWAN**						
Weighted Price (30/6/66)	3520.11	3434.72	3361.59	3487.98	12495.34 (10/2)	3135.56 (24/8)
THAILAND						
Bangkok SET (30/4/75)	793.09	804.46	828.16	839.80	1143.78 (25/7)	695.81 (24/8)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	472.4	464.3	469.7	571.0 (4/1)	448.3 (24/8)

**Saturday September 8: Taiwan Weighted Price: (c). Korea Comp Ex. 612.57

‡ Subject to official recalculation.
Base values of all indices are 100 except: Brussels SE, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks
Thursday 13 September 1990

	Stocks Traded	Closing Prices	Change on day
Kobe Steel	26.9m	555	+38
Marubeni	21.1m	673	+18
KeiseiEle Rl	16.1m	1,880	+80
Iwatani Co	14.9m	1,300	+30
Sumitomo Mtl	12.6m	480	0
Fuji Elec	9.9m	875	+30
Kurabo Inds	9.7m	1,830	-40
Minebea	9.6m	1,110	+40
Nippon Steel	8.6m	485	0
Tokyo Corp	8.3m	1,480	+90

3pm prices September 13

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		– A – A – A –								
37½	15	AAR	.48	3.1	10	523	15⅝	15⅛	15⅛	– ½
9⅛	7⅞	ACM n	1.01	13.		241	8	7⅞	8	+ ⅛
11⅝	9⅜	ACMIn	1.26	13.		420	9⅜	9⅜	9⅜	– ⅜
9⅛	7	ACM M n	1.01	14.		138	7⅛	7⅛	7⅛	– ⅛
12⅛	10	ACMMM	1.50	13.		173	11⅜	11⅜	11⅜	+ ⅛
11½	9⅛	ACM Sc	1.26	13.		650	9½	9⅜	9½	+ ⅛
8⅝	7⅞	ACMSp	1.01	13.		430	8⅛	8	8	– ⅛
24⅝	14⅜	AL Lab	.16	.8	18	142	20⅛	20⅛	20⅛	– ⅛
5⅜	1⅛	AM Intl				919	1⅝	1⅜	1½	– ⅛
23⅛	7	AM In pf	2	24.		27	8⅜	8⅜	8⅜	– ⅛
107⅛	43⅜	AMR			10	4283	44⅝	43⅝	43⅞	– ½
4⅜	2⅜	ARX			9	10	3	3	3	– ⅛
72⅜	41⅜	ASA	3a	6.1		412	49	48½	49	+ ⅛
45⅝	30⅝	AbtLab	.84	2.1	18	5340	41	40⅛	40⅛	– ½
15	11⅛	Abitibi g	.50			494	13⅝	13⅝	13⅝	
11⅜	5⅞	AcmeC	.40	6.7	7	25	6	5⅞	6	
8⅝	6⅜	AcmeE	.32	4.7	9	4	6⅜	6⅜	6⅜	
32⅜	18⅞	Acuson s			24	658	29⅜	28	28⅛	– 1
18⅞	14⅛	AdaEx	2.08e	13.		78	15½	15⅜	15⅜	– ⅛
16⅜	10	Adobe				206	13⅛	12⅜	12⅜	– ⅛
20⅛	17⅛	Adob pf	1.84	10.		88	18⅛	17⅞	17⅞	– ⅛
21⅜	20⅛	Adob pf	2.40	12.		32	20⅜	20⅛	20⅜	
11⅞	4⅞	AMD			29	1016	5⅞	5⅜	5⅜	– ⅛
32⅝	23⅜	AMD pf	3	13.		7	24	23⅜	24	– ⅛
9⅜	2⅝	Advest	.16	5.8	34	163	3	2⅜	2⅜	– ⅛
62½	42⅛	AetnLf	2.76	6.6	7	2676	42½	d41⅛	41⅛	– ⅛
13⅜	8⅛	AflPb	.24	2.6		214	9½	9⅜	9⅜	+ ⅛
25	15⅜	Ahmans	.88	5.5	7	1141	16⅛	16	16	– ⅜
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Continued on Page 45

NYSE COMPOSITE PRICES

Continued from previous Page

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
28¼	17⅛	Wynns	.60	3.5	11	40	17¼	d17	17¼	− ⅛
		− X − Y − Z −								
67⅞	38½	Xerox	3	7.8	7	625	39½	38⅞	38⅞	+ ¼
49	45½	Xerox pf4.13		9.0		2	45⅝	45⅝	45⅝	− ⅛
33½	16½	XTRA	.72	4.0		4	18	18	18	− ¼
4	1¼	Zapata				425	1⅝	1½	1½	− ⅛
17¾	5⅛	ZenithE				289	6	5¾	5¾	− ¾
20	13⅝	ZenNtl	.88	6.6	8	17	13⅜	13⅜	13⅜	− ⅛
9	4½	Zenix	.80	17.		151	5½	5⅛	5⅛	− ⅛
18½	10¾	Zero	.40	3.6	11	124	11¼	11	11	− ¼
51⅛	34⅝	Zurnin	.76	1.9	17	230	38⅝	38½	38⅝	+ 1⅛
12⅝	10⅜	Zweig	1.21e	11.		253	10¾	10⅝	10¾	+ ⅛
10	8½	ZweigTl	.96	11		1218	8⅝	8½	8½	− ⅛

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months.g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months,plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3pm prices September 13

NASDAQ NATIONAL MARKET

3pm prices September 13

FINANCIAL TIMES Friday September 14 1990

AMERICA

Oil price rise and budget uncertainty depress Dow

Wall Street

ANOTHER rise in crude oil prices, uncertainty about budget negotiations and today's producer prices release, and a poor showing by commercial bank stocks kept equities on the defensive yesterday, *writes Janet Bush in New York.*

At 2 pm, the Dow Jones Industrial Average was 21.28 lower at 2,604.46 on thin volume of 80m shares. The Dow added 13.12 points to close at 2,625.74 on Wednesday. Other indices were also a little lower yesterday, with the Standard & Poor's 500 index quoted 0.83 down at 321.71 at midsession.

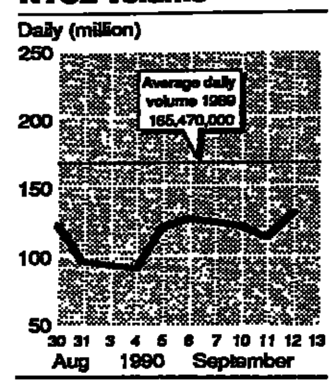
There was little fresh news on the Middle East front, and budget negotiations are expected to continue at least until the weekend. In the absence of much else, the equity market tended to watch crude oil prices, although these gave no clear sense of direction either. In early trading, October futures were quoted about 38 cents higher but by midsession had slipped back to stand 5 cents lower at $30.92 a barrel.

Commercial bank stocks lent a negative tone to the market in reaction to this week's evident troubles at Chase Manhattan. Earlier this week, Chase attracted little interest at an auction of its bonds, which means that it will pay a little more than 13 per cent interest on $200m in borrowing for the next two years.

These developments at Chase clearly reflect investor concern about the health of the banking industry. Bank stocks, some of which are already trading at their lowest level for eight years, were hit again yesterday. Chase fell $⅝ to $16¾, Citicorp dropped $½ to $17⅛, Manufacturers Hanover dropped $1⅛ to $25¾ and Chemical Banking Corp edged $½ lower to $20⅞.

Virtually ignored by the equity market were statements by Mr Alan Greenspan, chairman of the Federal Reserve, suggesting that the central bank may be close to easing

NYSE volume



policy. He said that banks had become unnecessarily restrictive in their lending practices and that a budget accord regarded as credible by the markets could provide the trigger for easier policy.

Two impediments to an easing move may be the weakness of the dollar yesterday on speculation of lower interest rates, and today's producer prices release for August which will reflect a surge in energy prices last month.

Airline stocks were featured after Delta's announcement that it is raising fares by 4.2 per cent in response to rising fuel costs. Delta was unchanged at $55¼, but AMR dipped $⅝ to $43¾ and USAir Group fell $⅝ to $17⅛.

Among other featured issues was Corroon & Black, which fell $⅞ to $36⅝ having jumped $6⅝ on Wednesday on news of a $40-a-share bid from Aon Corp. The UK's Willis Faber, which has agreed to a stock swap offer, said that it would stick by its offer. Aon fell $1⅛ to $31⅞.

Fleet-Norstar Financial dropped $⅝ to $13½ after telling analysts that it expected to report that non-performing assets rose 10 per cent in the third quarter from their level in the second quarter.

Canada

A MIXED performance by midsession in Toronto left the composite index 6.9 higher at 3,278.6 on volume of 12m shares. Investors were awaiting news from the Middle East.

There were expectations that the bank of Canada would lower its interest rates yesterday, after the Bank of Montreal said that it would cut its prime rate by 0.25 points to 13.75 per cent from today.

Canadian Pacific rose C$⅝ to C$18⅝ after it said that it intended to buy back 31.46m of its own shares. Alcan gained C$¼ to C$25⅝ after making strong gains Wednesday; an analyst has upgraded the aluminium sector to attractive.

Flurries of selling disguise drop in volume

William Cochrane explains why a number of bourses did better business in August

THE ACHING void in European stock market volume, most keenly felt in Frankfurt where apathy has replaced 'Ostphantasie,' is not obvious in the figures for August.

According to County NatWest WoodMac, five of the eight countries covered in its report actually showed a rise in turnover for the month.

Share prices reacted quickly to the confrontation in the Gulf, with the FT-Actuaries European index dropping by 15.9 per cent before a week's recovery from August 24, ending the full month 11.8 per cent lower.

With the dollar dropping, international investors had decided that the only safe haven was cash. However, that decision gave a short-lived boost to business, according to Mr James Cornish, a County NatWest strategist.

"A day by day approximation of the turnover figures shows that volume did respond to the Gulf crisis," said Mr Cornish, "but this happened in two different ways, which cancelled each other out in the end."

After some initial hesitation, West German markets saw some serious foreign selling early in the month, with a daily peak of DM11bn on August 7; it dropped into the doldrums in mid-month, running between DM4bn and DM5bn a day, and then picked up again temporarily as share prices hit a succession of lows a fortnight later.

However, volume then fell away again, bottoming at DM2.6bn on September 3; much of this residue is earning no commission, the "turnover" representing inter-dealer trading in an attempt to make money on more volatile shares such as Daimler, Deutsche Babcock or AMB. If the present

EUROPEAN EQUITIES TURNOVER
Monthly total in local currencies (bn)

Bourse	May 1990	Jun 1990	Jul 1990	Aug 1990	US $bn
Belgium	42.1	43.7	37.0	43.9	1.35
France	115.9	101.4	99.9	115.4	21.76
Germany	139.7	142.2	159.6	142.8	90.27
Italy	19,028	25,572	20,667	20,840	17.77
Netherlands	13.5	11.4	12.2	17.9	10.03
Spain	530.0	616.0	834.0	518.0	5.28
Switzerland	18.4	15.5	15.1	10.1*	12.87
UK	21.0	27.4	28.7	29.8	56.29

*Volumes represent purchases and sales. *Swiss data estimated. Italian data adjusted to include off-market trading. Some figures may be revised. Source: County NatWest WoodMac.*

trend continues, September's figures for West German turnover could look much worse than those for the month under review.

Of the other countries which showed declines last month, Spain's holiday season coincided with an acute reaction to the Middle East situation. At the end of July, the market was looking at a strong uptrend in volume, which had more than doubled since a low of Pta368.4bn in March – all this reflecting good economic news, a strong peseta and bullish noises from the Finance Ministry. Since then, higher oil prices have brought a change in economic prospects, in Spain and elsewhere.

Switzerland, for example, seems to have replaced improving economic news, especially about its inflation rate, with a deterioration in prospects. Investors who had looked forward to a better performance in August were badly disappointed, said the recent Swiss monthly from Kleinwort Benson Securities. "Swiss investors saw their hopes for an early cut in interest rates vanish," said the report, "as higher oil prices will prevent inflation from falling below 5 per cent towards the year-end."

EUROPE

Individual situations enliven hesitant trading

INDIVIDUAL situations surfaced again yesterday, although their ability to affect the nervously erratic course of bourses was seen as questionable, *writes Our Markets Staff.*

MILAN opened the October account and returned, among other attractions, to Enimont, the joint venture chemicals group. Its career as a failed new issue, a stock market talking point and a political and industrial football could be entering more sensible territory with the divorce between its two senior partners, Montedison and the government-controlled ENI.

At the moment, traders are hoping that Mr Raul Gardini of Montedison really intends to sell his company's 40 per cent stake in Enimont to ENI, which is currently deciding what price it will offer. On that basis, Enimont was quoted at L1,240 after hours, L64 up from Wednesday's close, and Montedison rose L51 to L1,420.

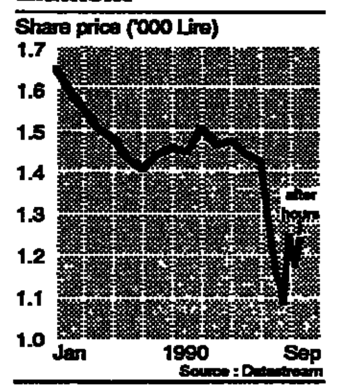
Meanwhile, Fiat was rising L155 on the day to L6,835, including L95 after hours, on its agreement to acquire 60 per cent of of Enasa, the Spanish truck maker. Mr John Longhurst, international motor industry analyst with James Capel, commented that the acquisition only added 3 per cent to Fiat's sales, implied very mild earnings dilution, and provided little platform for the shares; Capel reckoned that Fiat's sales volume was easing slightly, and that its margins were coming under increasing pressure.

The Comit index rose 5.00 to 617.14. Brokers said that yesterday's final piece of news, the after-hours suspension of the troubled Lombardfin investment group from operating on the stock market, had been expected. They were more encouraged, they said, that the September account had not shaken out similar stories among other stock market operators.

FRANKFURT slid again in thin volume, the FAZ index closing 6.00 lower at 765.88 in midsession, and the DAX ending 15.39 to the worse at 1,582.95, although these losses mostly reflected declines after hours on Wednesday on worries about Iran declaring a "holy war" on the US.

Volume slipped to DM3.4bn from Wednesday's DM4bn. While Middle East experts had interpreted the Iranian position as less warlike than it had originally appeared, it was replaced yesterday by general concern about the Gulf and old worries such as reunification

Enimont



costs and the weak trend of corporate results.

One or two notably volatile stocks performed in their usual fashion yesterday, AMB shedding DM30 to DM720 for a drop of 24 per cent since the end of July; retailers, which looked expensive then, continued to display their defensive qualities, with Karstadt up DM1.50 at DM671 and Kaufhof DM1 at DM619, down by 8 per cent and 7 per cent respectively since July.

PARIS ended barely changed in a dormant market, with only a few stocks such as Accor, the hotel group, and Remy et Associés, the wines and spirits company, moving sharply. The CAC 40 index slipped 1.82 to 1,646.27, after reaching a high of 1,662.28 in early trading and a low of 1,623.80. Turnover was estimated as well below Wednesday's level.

Accor dropped FFr50 or 6.5 per cent to FFr725 with 145,600 shares traded. An analyst said that the group had warned on Tuesday that the financing costs of buying Motel 6 in the US would hit 1991 profits. This prompted some brokers, notably in Paris, to downgrade their earnings estimates to unchanged or lower. The analyst added, however, that the Motel 6 purchase was still regarded as a good strategical move.

Remy fell FFr20.50 or 6.8 per cent to FFr279.50 after reporting a rise in 1989/90 profits but warning of a flat year ahead.

Vallourec continued to rise on speculation about the intentions of its Spanish shareholders and on optimism about its oil pipe business, adding FFr7 to FFr307, for a 53 per cent rise in the last three weeks following its heavy fall earlier in August.

AMSTERDAM lost a little ground in slow trading as attention remained focused on the Gulf. The CBS tendency index slipped 0.8 to 103.7, after a day's high of 104.5.

Royal Dutch/Shell edged up 30 cents to Fl 147.30 after announcing an interim dividend roughly in line with expectations. The oil group raised its dividend in guilders by 3 per cent, from Fl 3.25 to Fl 3.35 – a little below forecasts, said one analyst. But he added that a 9 per cent rise in the sterling dividend, from 7.7p to 8.4p – perhaps in anticipation of further pressure on sterling later in the year – prevented any disappointment.

VRG Groep, the paper and office equipment group, added 20 cents to Fl 63.40 after announcing the purchase of Corporate Computers of the UK for an undisclosed sum.

MADRID fell 1.9 per cent on worries about the Gulf crisis, with the general index down 4.56 at 235.95, only 1.16 points above the year's low reached three weeks ago. Turnover was thin at about Pta5.5bn, against Pta5bn on Wednesday.

One of the biggest fallers was Acerinox, the engineering company, which lost Pta470 to Pta6,000. Telefonica lost Pta8 to Pta844 with 1.6m shares traded while, among other relatively active stocks, Ercros lost Pta25 to Pta735 and Dragados dropped Pta75 to Pta2,305.

ZURICH edged lower in extremely thin trading, the Crédit Suisse index closing 2.8 lower at 541.7 after slowdowns were predicted for the chemical industry and the country's exports in general.

UBS Phillips & Drew said that the solid and balanced growth of the Swiss economy would not be dramatically affected by higher oil prices; but it added that, even after a setback of about 20 per cent since its highs in mid-July, it did not consider that the market was undervalued at current levels.

VIENNA eased in quiet trading, with the bourse index slipping 5.96 to 574.02.

ISTANBUL continued to rally; the 50-share index gained 79.09 to 4,994.94 in turnover of TL90bn, for a four-day gain of 6.9 per cent.

ASIA PACIFIC

Investment trusts absorb heavy arbitrage pressure

Tokyo

ACTIVE BUYING by investment trusts helped the market weather heavy selling from arbitrageurs yesterday with only a moderate loss, *writes Michiyo Nakamoto in Tokyo.*

After a bumpy ride, the Nikkei index ended down 141.06 at 25,078.08, against the day's high of 25,487.80 and low of 25,012.35. Gains led losses by 538 to 421, however, with 167 issues unchanged. Turnover expanded to 550m shares from Wednesday's 421m.

The Topix index of all listed shares eased 1.04 to 1,912.68 and, in London trading, the ISE/Nikkei 50 index shed 1.50 to 1,437.62.

The bond market remained under pressure, and investors worried about the waves of arbitrage selling which hit the market as positions were unwound before today's expiry of the September futures and options contracts.

Investment trust buying managed to absorb a substantial part of the selling. Mr Charles Lambert of Jardine Fleming commented: "It was a battle between the arbitrageurs and Japan Inc." A number of investment trusts were set up for institutional investors yesterday and today, to coincide with the expiry of the futures and options contracts.

This provided institutional investors with an opportunity to buy at low price levels. The concentrated selling was expected to pull prices down and make them attractive, Mr Lambert observed.

Buying interest was varied, although special situations were still popular. Kobe Steel was the most actively traded issue with 26.9m shares and gained Y28 to Y555. Kobe is the only leading steel company which has not revised its earnings estimates downwards. It also supplies aluminium to Honda, which has developed a new model featuring an aluminium body.

Keisei Electric Railway rose Y80 to Y1,660 on a revival of speculation that its subsidiary Oriental Land, which runs Tokyo Disney Land, will be listed. However, analysts suggested that Keisei's immediate appeal lay in its volatility and the low price to which it has fallen. Keisei was third in volume with 16.1m shares.

Keisei's renaissance reminded investors about Mitsubishi Steel, which saw a strong rally at about the same time that Keisei did, said Mr Lambert. Mitsubishi Steel, which has also lagged the market, was the biggest gainer yesterday, rising Y200, or 17.5 per cent, to Y1,340.

Tokyu, another railway company, was bought on a similarly familiar story about companies in the Tokyu group increasing their cross shareholdings to discourage speculators from obtaining a threatening stake. Tokyu moved ahead Y90 to Y1,490.

In Osaka, interest turned to issues based in the Osaka region and laggards, which supported a 132.26 gain in the OSE average to 29,240.25. Volume fell to 84m shares from Wednesday's 108m.

Roundup

THE GULF situation continued to hamstring regional markets yesterday, with Taiwan one of the few winners after cuts in domestic interest rates. Bombay was closed to enable brokers to settle pending business.

TAIWAN advanced again as more banks cut their prime lending rates. The weighted index rose 85.39, or 2.5 per cent, to 3,520.11 in trading worth T$22.5bn, compared with the previous day's T$20.7bn.

Finance Minister Wang Chien-shien was reported as saying that Taiwan would allow some foreign institutions into the market by year-end.

AUSTRALIA declined in listless trading, the All Ordinaries index losing 17.7 to 1,494.9. Turnover fell to A$140m from the previous day's A$164m.

Corporate results disappointed the market. Adelaide Steamship dropped 28 cents to A$3.25 after Wednesday's results, while Coles Myer, the retailer, lost 14 cents to A$7.50 on lower net profits.

In the banking sector, ANZ fell 7 cents to A$4.45 after Moody's, the credit rating agency, downgraded its rating.

NEW ZEALAND also eased in thin volume, the Barclays index ending down 18.45 at 1,562.76 after turnover of NZ$9.2m, boosted above Wednesday's NZ$8.6m by a block sale of 5m Southern Petroleum contributory shares at 35 cents each.

HONG KONG slipped in quiet trading, the Hang Seng index shedding 11.07 to 3,093.97 in turnover of HK$657m, up from HK$650m; **SINGAPORE** saw some mild profit-taking, pulling the Straits Times Industrial index down 6.94 to 1,241.80 as volume shrank to 51m shares from 65m; and **BANGKOK's** SET index dropped 11.37 to 793.09.

SOUTH AFRICA

JOHANNESBURG drifted lower in very thin trading, the persistent violence in South Africa's black townships adding to general concerns. Golds gave up some of their gains, the all-gold index closing 10 lower at 1,576.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY SEPTEMBER 12 1990								TUESDAY SEPTEMBER 11 1990					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1990 High	1990 Low	Year ago (approx)
Australia (80)	146.59	+1.6	116.56	127.55	120.99	119.00	+1.2	6.32	144.22	115.58	127.45	119.26	117.60	158.31	125.85	154.50
Austria (19)	221.69	+0.8	176.28	192.90	182.97	182.52	+0.5	1.50	219.99	176.30	194.41	181.91	181.69	285.63	193.15	149.06
Belgium (61)	140.19	+1.1	111.47	121.97	115.70	112.70	+0.8	5.14	138.66	111.12	122.52	114.65	111.81	160.02	132.11	134.74
Canada (119)	129.88	+0.0	103.28	113.00	107.19	109.33	+0.0	3.72	129.88	104.08	114.77	107.39	109.37	153.61	129.73	148.15
Denmark (33)	257.24	+1.5	204.55	223.83	212.31	211.40	+0.8	1.40	253.41	203.09	223.95	209.55	209.64	277.62	236.69	195.43
Finland (26)	117.85	+0.9	93.71	102.55	97.27	91.97	+0.2	2.98	116.78	93.59	103.20	96.57	91.75	152.29	116.78	130.70
France (122)	136.82	−0.2	108.80	119.04	112.92	114.13	−0.4	3.59	137.08	109.86	121.13	113.34	114.56	168.85	133.16	130.93
West Germany (92)	120.34	+1.6	95.69	104.73	99.32	99.32	+1.4	2.27	118.41	94.89	104.65	97.91	97.91	144.63	117.75	98.04
Hong Kong (46)	127.20	+0.9	101.14	110.67	104.98	126.89	+0.9	5.12	126.08	101.04	111.41	104.26	125.78	147.49	112.24	109.27
Ireland (17)	144.89	+0.9	115.06	125.90	119.42	120.50	+0.7	3.60	143.42	114.94	126.74	118.60	119.69	198.57	143.42	151.56
Italy (95)	88.49	+0.5	70.36	76.99	73.03	78.20	+0.3	3.02	88.05	70.57	77.81	72.81	77.99	109.26	87.35	92.24
Japan (454)	132.88	+3.4	105.66	115.61	109.68	115.61	+1.8	0.73	128.47	102.95	113.53	106.24	113.53	197.26	118.66	176.47
Malaysia (35)	218.57	+0.1	173.80	190.17	180.39	226.44	+0.0	2.68	218.28	174.93	192.89	180.49	226.48	250.89	195.23	199.85
Mexico (13)	516.45	−0.7	410.67	449.37	426.25	1632.44	−0.8	0.32	520.06	416.78	459.58	430.04	1644.86	561.41	324.58	321.99
Netherland (42)	138.55	+0.2	110.17	120.55	114.35	113.10	+0.1	5.04	138.22	110.77	122.14	114.30	113.02	149.03	130.43	127.59
New Zealand (17)	61.39	+1.3	48.82	53.42	50.67	52.41	+0.6	6.62	60.61	48.58	53.57	50.12	52.10	75.36	59.57	86.18
Norway (23)	268.95	+0.8	213.86	234.02	221.98	223.23	+0.4	1.42	266.72	213.75	235.70	220.56	222.28	278.79	202.34	182.50
Singapore (25)	170.43	+0.4	135.52	148.29	140.66	139.01	+0.5	3.00	169.70	136.00	149.96	140.32	138.26	209.24	156.96	168.70
South Africa (60)	173.13	+1.5	137.67	150.64	142.88	148.12	+0.3	3.91	170.50	136.64	150.67	140.98	147.60	251.39	170.00	155.31
Spain (42)	145.07	−0.7	115.36	126.23	119.73	109.57	−0.8	5.01	146.03	117.03	129.05	120.75	110.41	182.25	132.84	160.60
Sweden (34)	196.21	+1.1	156.02	170.73	161.95	168.40	+0.6	2.38	194.12	155.57	171.55	160.52	167.33	234.93	173.89	177.55
Switzerland (65)	94.66	+1.6	75.27	82.37	78.14	77.61	+1.1	2.73	93.19	74.68	82.36	77.07	76.78	109.77	88.75	87.90
United Kingdom (301)	159.60	+0.7	126.91	138.86	131.71	126.91	−0.1	5.43	158.46	126.99	140.01	131.02	126.99	176.18	139.87	153.12
USA (534)	130.02	+0.4	103.39	113.14	107.32	130.02	+0.4	3.79	129.53	103.81	114.47	107.11	129.53	148.95	123.62	140.58
Europe (972)	137.77	+0.7	109.55	119.87	113.71	111.65	+0.3	4.14	136.75	109.59	120.85	113.08	111.34	157.65	135.57	128.42
Nordic (116)	199.32	+1.2	158.49	173.43	164.50	160.67	+0.7	1.89	196.94	157.83	174.04	162.85	159.59	223.29	185.01	164.99
Pacific Basin (659)	133.03	+3.3	105.78	115.76	109.80	115.90	+1.8	1.12	128.84	103.25	113.86	106.54	113.89	192.75	119.53	173.23
Euro-Pacific (1631)	135.32	+2.2	107.60	117.73	111.68	114.87	+1.1	2.37	132.41	106.11	117.00	109.48	113.55	174.18	127.11	155.44
North America (653)	129.92	+0.4	103.31	113.08	107.25	128.68	+0.4	3.79	129.46	103.75	114.42	107.07	128.22	148.43	124.33	140.94
Europe Ex. UK (671)	123.66	+0.8	98.33	107.62	102.09	102.35	+0.5	3.25	122.73	98.36	108.48	101.51	101.85	145.62	121.42	112.75
Pacific Ex. Japan (205)	134.09	+1.2	106.62	116.69	110.68	115.97	+1.0	5.58	132.45	106.14	117.08	109.53	114.86	148.72	122.53	134.09
World Ex. US (1823)	135.73	+2.1	107.93	118.10	112.02	115.42	+1.1	2.43	132.92	106.52	117.47	109.92	114.18	173.77	128.14	155.29
World Ex. UK (2056)	130.06	+1.6	103.42	113.18	107.36	119.34	+1.0	2.58	128.00	102.58	113.12	105.86	118.21	162.00	121.98	148.95
World Ex. So. Af. (2297)	132.44	+1.5	105.31	115.25	109.32	119.86	+0.8	2.86	130.46	104.55	115.30	107.89	118.87	161.84	125.28	148.90
World Ex. Japan (1903)	133.91	+0.6	106.48	116.52	110.54	122.47	+0.3	4.00	133.16	106.71	117.68	110.13	122.05	151.59	130.40	136.28
The World Index (2357)	132.69	+1.5	105.51	115.46	109.52	120.07	+0.8	2.69	130.70	104.74	115.50	108.08	119.06	162.05	126.57	148.98

Constituent change 13/9/90: Deletion: Allvar (Italy). Latest prices were unavailable for this edition.

RECRUITMENT

JOBS: Coercing people into practical training could worsen the ills it is supposed to cure

Competitive gap that paper cannot cover

WHICH PRODUCT on the ordinary market is most like education? Strange though it may seem, the best answer the Jobs column can think of is petfood.

The similarity is that in each case the creature which directly consumes the product is rarely the same creature that pays for it. So to win wide acceptance, both must be made attractive to two distinct parties whose tastes are apt to differ - the immediate consumers and the separate financiers.

What calls the resemblance to mind is a report from Britain's National Institute of Economic and Social Research contrasting the achievements of the British and the French educational systems. The differences are not at top academic level, in the intellectual studies that the educational establishment regards as overwhelmingly its most important activity. The contrasts are in the practical skills the systems develop in young people whose intelligences and interests run mainly in other than academic directions.

By that gauge of performance, West Germany's educators have long done far better than their counterparts in France and the United Kingdom. But the institute's report points out that since 1980 the French have made big strides in developing the work skills needed by advanced economies, whereas the UK has achieved little if any improvement. The question is how can Britain catch up.

There are two main stands to the challenge. One is to find sufficient money to finance the necessary practical courses. The other is to persuade enough young people not just to take them, but to take them seriously. And the second is by far the harder.

UK education has so far shown scant concern for youngsters whose aptitudes are other than academic. Instead of developing their practical talents, the system largely subjects them to a hash of watered-down scholarly studies. As a result, by the time they reach their teens and are offered a practical curriculum, they have all too often lost interest in studying anything whatsoever.

If a similar problem confronted a petfood company, it would focus on the double-decker market. The solution would be seen to lie in devising a product that direct consumers and separate financiers would both find to their tastes.

Marketing aces in the field tell me that pleasing both is a tricky business. Unless the pets not only eat the stuff but apparently thrive on it, the pet-owners will never again buy it. The trouble is that a product which really excited the appetites of the direct consumers would be offensive to the potential purchasers. Even so, given enough fresh and deep thinking backed by well directed market research, a successful compromise can almost always be found.

That approach, however, is starkly different from the one the institute and like-minded bodies are mooting for the practical-education problem. Far from focusing on the market or even the product, they seem to have eyes only for the label. They see the solution in employers ceasing to take on young recruits who do not have an approved paper qualification.

To the Jobs column's mind, it is likely to prove quite the reverse of an effective remedy. Instead of heeding the preferences of the direct consumers, it would go over their heads, obliging them to take some practical course on pain of staying out of work. What little I know of psychology suggests that people coerced into training tend to benefit less from it than those who undertake it voluntarily. Nor is that all.

The coercive element would cushion the purveyors of courses against the need to change them in ways inconvenient to themselves. The likely outcome is exemplified by the fact that the lack of an educational product for children with practical intelligences does not prevent their failure in the essentially academic school-leaving examinations from being attributed to their idle stupidity. Victims of consumer-indifferent training that was in effect compulsory could well share the same fate.

Even youngsters who succeeded in it would not have their career prospects advanced much. While employers' representatives have been given a say in the content of state-funded training, they do not seem to recognise the ensuing "vocational" qualifications as equipping the possessors to rise more than a couple of perches higher in the pecking order than the one they started on.

The high probability is that, in big organisations at least, the route to the top would be largely reserved for people with success in conventional academic exams. And my reason for that sad forecast is that employers seem to suffer from the never-mind-the-course-content, look-at-the-label affliction too.

How deeply it can strike is shown by the top accountancy firm which, seeking a senior auditor with five years experience in the work, demanded not only a near-perfect record in professional accountancy exams but three B grades in the Advanced-level papers taken at the age of 18-plus.

What such grades might have to do with auditing proficiency is utterly obscure. Having studied examination procedures closely, I have never seen evidence that A-level grades are predictive of anything, not even of standards attained in degree exams taken three years later.

Although most recruiters are less extreme, they veer to the same cast of mind. In their typical view, practical training given before employment is best defined as: "something done to people who have failed in education."

Since that attitude assumes intellectual thinking to be the mainspring of all high abilities, it is beginning to seem more likely to worsen than to improve Britain's stock of effective work skills.

For one thing, as I reported last week, experts including academic researchers in such fields as nuclear physics deny that they work by first planning what to do intellectually, then putting the plan into practice. The decisive thinking is somehow inextricably embedded in the doing. For another, neuro-psychologists' studies suggest that much of human ability depends on highly intelligent processes of which our conscious intellects have little awareness, if any at all.

In sum, Britain's work-skills problem can no longer be papered over. It needs to be faced in all its implications, and solved.

City trio

HEADHUNTER John Williams seeks three people for the London-based international operations of a banking group he may not name. He promises to abide by applicants' requests not to be identified to his client at this stage - as does the other recruiter mentioned later.

First on the list is an egg-head on the economies of Japan and the Far East in general, with particular expertise in Japanese bonds and equity-market warrants. Tasks include making presentations to clients throughout Europe, and contributing to published reports. Pay range £35,000-£40,000.

The other two recruits will join a group which advises on fund-management, and both must have consummate mathematical skills. Salaries up to £55,000 plus - as in the other post - munificent City banking perks.

Inquiries to Russell, Williams and Associates, 43-45 St Mary's Rd, London W5 5RQ; tel 081-579 1082, fax 081-566 2024.

Software

A UK sales job with a Swiss software company focusing on banks is offered by Vivian Lawrence of Arlington Consultants (2 Sydenham Rd, Croydon CR0 9XE; tel 081-681 8185, fax 081-681 2732).

Experience in marketing banking services, preferably world-wide, is more important than technical computer knowledge.

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This role has two aspects, firstly, the management of the salesforce including recruitment and training and, secondly, the formulation of a marketing strategy designed to generate incremental business.

The successful candidate will be a graduate, preferably in his/her mid-to-late thirties with the charisma to manage and direct the activities of a cosmopolitan salesroom. Industry experience would be highly desirable, however, the prime consideration is to attract a candidate with highly developed marketing skills and proven ability in business development; someone with the flexibility and creative thought to accommodate a multi-faceted client base ranging from high-net worth individuals to smaller corporations and pension funds. Whilst retail brokers are an obvious source, the successful candidate could be working in a senior position within institutional sales or fund management marketing.

Our client requires an exceptional candidate and there is a corresponding salary package available, including a substantial bonus incentive.

Interested candidates should contact Nick Bennett on 071-248 3653 or write, sending a detailed CV to the address below, or use our confidential fax line on 071-248 2814. All applications will be treated in the strictest confidence.

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No. 1 New Street, (off Bishopsgate), London EC2M 4TP
Tel:071-623 1266, Fax:071-626 5258

Jonathan Wren Executive

MANAGER RESEARCH DEPARTMENT

Confederation Life is a rapidly expanding financial services Company with global assets in excess of £10 billion. We have been established for over seventy years in the UK and our funds under management have grown to over £2 billion.

We have a high commitment to in-house fundamental investment research and are now seeking to recruit a Manager for our growing team of investment analysts. The successful candidate will be responsible for the long term development of the Research Department including all aspects of people development and motivation. The job holder will be expected to ensure that the research output remains of a high quality as well as expanding coverage and meeting the needs of fund managers.

This is a challenging post which will suit an individual with at least seven years experience of comprehensive fundamental company analysis in a securities environment.

We are offering an attractive salary, together with a comprehensive range of benefits, including bonus, Company car, petrol, subsidised mortgage and non-contributory pension.

Please send your CV or telephone for more details to Mandy McMahon, Personnel Manager, Confederation Life, Lytton Way, Stevenage, Herts. SG1 2NN. Telephone: 0438 744804.

Salary: c £35,000 + Bonus + Car

Location: City based

LIFE ASSURANCE – PENSIONS – INVESTMENT – MORTGAGES
Confederation Life
INSURANCE COMPANY

Development Capital Executive

Gartmore, part of Banque Indosuez, is one of the leading Fund Management Groups with over £6bn under management.

Our Venture Capital Division has grown considerably over the past two years, having completed over twenty new investments. This expansion is set to continue with the recent launch of a development capital fund. Consequently, we are seeking to recruit a further executive to join the existing team of three.

You will be involved in all stages of the investment process and aftercare, as well as participating in the development of the business as a whole, particularly deal flow and investor contact.

Candidates should have a minimum of two years' venture capital experience, demonstrate sound analytical and judgemental skills and be able to think and express themselves clearly. A professional or industrial background with business training is desirable.

If you are interested in joining our Venture Capital Team please send full personal and career details to: Director of Personnel, Gartmore Investment Management Limited, PO Box 65, 16-18 Monument Street, London EC3R 8QQ.

Gartmore

Banking Accountants £25,000-£45,000

We are currently experiencing strong demand from our client banks for qualified/part qualified accountants with banking experience. Knowledge of Midas or other proprietary bank systems an advantage. Applicants should be aged 25-35, good team players and managers with excellent financial accounting background.

Call Ron Bradley on 071-623 1266

Jonathan Wren & Co. Ltd., Recruitment Consultants
No. 1 New Street, (off Bishopsgate), London EC2M 4TP
Tel:071-623 1266, Fax:071-626 5258

Jonathan Wren Executive

SETTLEMENTS MANAGER

City **Salary package to £35,000 + car**

Our clients, a successful and expanding Securities House, are about to undertake a significant operational change in their organisation, leading to the creation of a new Settlements Department. Consequently, they have identified the need for an experienced Settlements Manager to play a key role in the implementation and management of the new office.

The Settlements Manager will share responsibility for the Settlements Office with the Operations Manager. The Settlements Manager, however, will have specific responsibilities for the cashier's department, client accounts and financial control and they will be expected to provide management information to the Board on a regular basis. It is a prerequisite that candidates have an in-depth knowledge of settlement systems in order to derive maximum benefit from the firm's bureau system.

Ideally, candidates should be aged between 28-40, and have at least ten years settlement experience, with significant big firm exposure. Numeracy and a genuine awareness of the market, combined with strong management skills and a working knowledge of current TSA requirements are essential requisites for this challenging but rewarding role.

Interested candidates should send a detailed CV together with current salary and daytime telephone number to Carol Jardine, Touche Ross Executive Selection, Friary Court, 65 Crutched Friars, London EC3N 2NP, quoting reference LM223.

Touche Ross
MANAGEMENT CONSULTANTS

MANCHESTER BUSINESS SCHOOL

POST OFFICE COUNTERS CHAIR IN RETAILING

Post Office

APPLICATIONS ARE INVITED FOR THE POST OFFICE COUNTERS CHAIR IN RETAILING. THE POST PROVIDES AN OPPORTUNITY TO PLAY A LEADING ROLE IN THE FUTURE DEVELOPMENT OF ONE OF EUROPE'S PREMIER BUSINESS SCHOOLS AND BUILDING LINKS WITH POST OFFICE COUNTERS AT A TIME OF EXCITING GROWTH AND DEVELOPMENT.

CANDIDATES SHOULD BE OUTSTANDING INDIVIDUALS CAPABLE OF PLAYING A LEADING ROLE IN THE DEVELOPMENT OF THE SUBJECT LOCALLY, NATIONALLY AND INTERNATIONALLY. THEY SHOULD HAVE A PROVEN RECORD OF ACHIEVEMENT IN RESEARCH, TEACHING AND/OR BUSINESS IN RETAILING. THE SCHOOL IS PURSUING ACADEMIC DISTINCTION IN THE AREAS OF MARKETING AND STRATEGY, INFORMATION AND OPERATIONS MANAGEMENT, HUMAN RESOURCE MANAGEMENT AND FINANCIAL STRATEGY. THE SUCCESSFUL CANDIDATE MAY WISH TO COLLABORATE WITH THESE AREAS OR DEVELOP A DISTINCTIVE RETAILING ORIENTATION.

POTENTIAL CANDIDATES ARE WELCOME TO CONTACT EITHER THE DIRECTOR OF THE SCHOOL, PROFESSOR TOM CANNON, OR THE DEAN, PROFESSOR R. L. PAYNE, TO DISCUSS THE POST INFORMALLY. (TEL: 061-275 6333).

THE SALARY IS EXPECTED TO BE WITHIN THE NORMAL PROFESSORIAL RANGE (MIN. £24,783 PA). (UNDER REVIEW) FURTHER PARTICULARS MAY BE OBTAINED FROM THE REGISTRAR, THE UNIVERSITY, MANCHESTER M13 9PL. TEL 061-275 2028 TO WHOM APPLICATION (ONE COPY SUITABLE FOR PHOTOCOPYING) SHOULD BE MADE BY 29TH SEPTEMBER, 1990. QUOTE REF. 233/90.

MANCHESTER BUSINESS SCHOOL
UNIVERSITY OF MANCHESTER
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COMMERCIAL LAWYER

We are a world leader in the industrial gas industry with a European turnover of up $600 million and an asset base exceeding $900 million in nine European countries.

As an accomplished Commercial Lawyer with a working familiarity of one or more continental legal systems, you are in an excellent position to become involved in broad based commercial legal work on the continent, including Benelux, France, Germany and Eastern Europe.

Join us and you will be part of a small team of lawyers reporting directly to our Vice President and General Counsel, Europe. Your wide ranging activities will include legal support for the preparation and negotiation of major product sale contracts, acquisitions, divestitures and joint ventures. Though based at our offices in Walton-on-Thames, England, you will travel frequently throughout Europe, and enjoy both a high degree of professional autonomy and a variety of legal challenges.

In addition to at least five years' experience with a major law firm or corporation, you should be fluent in at least one other European language besides English, ideally German or Dutch.

In return we offer a highly competitive package, including a car, Bupa medical insurance, relocation expenses where appropriate, and a salary that reflects the importance of this position.

For further information please telephone David Pollock on 0932 249748, or write to him at Air Products Plc, Hersham Place, Molesey Road, Walton-on-Thames, Surrey, KT12 4RZ, England.

AIR PRODUCTS

INVESTMENT ANALYST(S)

City

At Pearl, we recognise the value of investment analysis.

An opportunity now exists to join our small and highly successful investment team in London.

Ideally you will have a good honours degree and around 2-3 years experience of UK investment analysis preferably with another institution or fund management group.

You will take responsibility for research and recommendation in specific sectors of the UK equity market, while maintaining a knowledge of the market as a whole. You will also assist the fund managers in the management of the UK equity portfolios.

For further details of the corporate benefits and long term career opportunities, send your full CV to Jan McGarry, Senior Personnel Officer, Personnel Department, Pearl Assurance Plc, Pearl Assurance House, Thorpe Wood, Peterborough PE3 6SA.

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Invest your future with *Pearl*.

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TOP OPPORTUNITIES

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BANKING FINANCE & GENERAL

FINANCIAL TIMES/LES ECHOS

ACCOUNTANCY COLUMN

Big will be beautiful as Europe opens up

Brandon Gough scorns 'bilious' commentaries which have predicted the decline of the largest firms

DEVELOPMENTS over the past year have put the spotlight on our large accounting firms – particularly the Big Six which are at the apex of the substantial and diverse public accounting and consulting sector in this country.

Some commentators have written biliously about the majors – even in this column. On reflection this is not surprising, because for years the large accounting firms have been tipped for decline. Here are some observations made about us in the past:

- auditing is a declining market, and we will decline with it;
- our partnership structures are inappropriate for the modern business world;
- accountants and consultants cannot co-exist;
- pieces are flaking off to create new niche businesses, and so on.

Well, here we are, apparently thriving. In fact, doing too well in the opinion of some observers. What's the real story? What advantages have the big firms created? Are they a good or a bad thing? Where do they go from here?

I believe that the major accounting firms are marked by five characteristics. None of the five, individually, is unique to the majors, but together they make the difference.

The first characteristic is our long-run ability to take advantage of market opportunities. Admittedly we have had the benefit of generally favourable markets for our services, but the big firms did not start out with any unique advantages. We got big by being better. Contrary to popular belief, most of our growth has been organic. We have expanded our client base by trying to do a better job. In auditing, for example, most advances in professional thinking have been developed in one or other of the big firms.

The second characteristic of the major firms is the effectiveness of the global networks to which we all belong. Geographical expansion by the industrial and commercial sector has brought with it a hugely increased demand for cross border professional services: acquisition investigations, feasibility studies, logistic strategies, tax planning, audit – and on and on.

Businessmen have expected their accounting firms to provide high-quality service around the globe. Partners in today's large firms are benefiting from the vision of their forebears, who put in place the foundations of today's networks.

As a result the major accounting firms are both facilitators of, and beneficiaries from, the globalisation of business activity. One or two commentators have suggested that our global networks give us an unfair advantage over purely national firms. That is to miss the point. Effective global accounting networks are an essential facility in today's business world – and should not be tampered with in response to narrow national pressures.

The third characteristic of our firms is in the ability, diversity and motivation of our people. If I may say so, we are remarkably well educated! Three quarters of our total strength are graduates, or professionally qualified, or both. We come from a wide range of disciplines. The average age of the people in my firm is less than 30. Our people have high aspirations.

The mixture of ability, youth and ambition is a potent cocktail. It's what gives the successful firm its edge, but the edge can only be sustained by the right kind of interaction between people at all levels. Each firm's unique culture is a key factor in determining its success relative to the competition.

Our fourth characteristic is our retention of a partnership structure. For years this has been considered out-of-date – inappropriate for a substantial business operating in a competitive environment. Critics have failed to see the difference between partnership style and management effectiveness. Of course we expect our businesses to be managed effectively. But partnership style is fundamental to the way we relate to one another. Partnership is working with other people, rather than working for the business. A sense of partnership, of teamwork and networking is key in retaining the commitment of the people who together create the dynamism in the business.

Our fifth characteristic is our spread of services, most visibly in the growth of management consulting services alongside the original core accounting activities. The accounting firms are now the largest providers of general consulting services. Undoubtedly the initial development of consulting was helped by our existing client base for accounting services, but we have long passed the point where that kind of support is necessary.

Our consulting practices are self-sustaining. They are successfully managed by consultants. They relish the cut and thrust of the competitions which are now commonplace for new assignments. However, our consultants don't operate in isolation. Our unique advantage is our ability to network a diversity of skills and experience from across our firms, resulting in real depth of advice to clients.

What about conflicts of interest? Surely, the critics say, it can't be right for a firm to provide consulting services to an audit client? In reply I say, what's the problem? Where are the examples of auditors covering up erroneous advice given by their firm in a different context? I am quite sure that such risks as exist – and they are pretty small – can be more than adequately handled through the present structures of the big firms.

In summary, then, the major accounting firms have succeeded because of our market awareness, our global networks, the quality, diversity and motivation of our people and our retention of a partnership style of relationship. But the acid test is – are we good for the client and for the wider community?

I do, of course, answer that question with an emphatic "yes." Quite simply, the market needs large firms, because it is only large firms that have the resources to handle large assignments in the compressed timescales that frequently apply. The audit of a major multinational may call for 500 to 1,000 people worldwide at its peak. Consulting assignments, mergers and acquisitions, insolvencies may each call for hundreds of people at any one time. So scale is needed simply to get some of these assignments done. And scale also gives the resources to invest in further improving our services and working methods.

Are there enough large firms? Again, I say "yes." Competition is fierce, choice is there, and there are numerous alternative suppliers inside and outside the accounting business for many of the services provided by the big firms.

Should we be allowed to continue and expand our range of services? Of course. The large diversified accounting firms are a major asset for this country. In the 1990s a key success factor for countries and companies alike will be their ability to leverage their knowledge base. The large accounting firms already constitute a mechanism for the provision of knowledge-based advisory services on a scale which exists in no other European country.

As the European market opens up it would be quixotic indeed if this significant advantage were surrendered in response to exaggerated concerns about scale, lack of competition or independence.

Brandon Gough is chairman of Coopers & Lybrand Deloitte.

ACCOUNTANCY APPOINTMENTS

FINANCIAL DIRECTOR
(DESIGNATE)

c.£35k + Car + Benefits — **West Yorkshire**

Our client is a private, director owned and rapidly expanding company designing and supplying high technology electronics to both television and computer manufacturers. Their current turnover is approaching £20 million and rising. The company has reached an important stage in its growth when strategic decisions need to be taken on future control and direction. The directors are now looking to recruit someone to participate in shaping the future of the company and to specifically:-

- **develop company financial management to support the next phase of growth;**
- **devise and implement computerised management information systems;**
- **oversee the production of regular financial statements including management and statutory accounts;**
- **manage company funds.**

The ideal candidate will hold a recognised accountancy qualification, have experience of the above work and, most importantly, the personal "presence" to make an impact on the future of the business. Future prospects are in line with those of the company's potential.

Apply in confidence, by sending a cv, including salary details, to Trevor Tindell, Executive Selection Division, Grant Thornton Management Consultants, St Johns Centre, 110 Albion Street, Leeds, LS2 8LA, quoting reference C125.

Grant Thornton
MANAGEMENT CONSULTANTS
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SURREY — c.£40,000 PACKAGE (NEGOTIABLE)

Financial Controllers

Following extensive restructuring, this major nationwide organisation, with turnover in excess of £200m, is embarking on a programme of substantial commercial development. The establishment of a decentralised finance function in its project offices, each of which has a turnover in excess of £30m, will play an important role in successfully achieving corporate objectives.

Each Financial Controller will be a key member of the office management team reporting to the office Managing Director. Key initial objectives will be to strengthen the finance team to provide timely and accurate financial and management information and support the ongoing development of the business. You will be expected to provide input to the implementation of a new IT strategy which will enable greater local financial control and accountability.

Candidates should be qualified accountants with broad based financial and management accounting skills.

Previous experience of senior line financial management at divisional level within a design or project engineering environment would be of particular interest. Motivation, self-confidence and interpersonal skills will all be characteristics required to enable successful candidates to operate in this changing and challenging environment.

Please send full personal and career details, including current remuneration level and daytime telephone number, in confidence to Ann Shepherd, Coopers & Lybrand Deloitte Executive Resourcing Ltd, 76 Shoe Lane, London EC4A 3JB, quoting reference AS746 on both envelope and letter.

Coopers & Lybrand Deloitte — Executive Resourcing

FINANCE DIRECTOR

To help drive a flourishing service business

c.£40,000 + car — **West London**

Above all, this is a job for a Director who runs the finance function, not for an Accountant who happens to be called a director. This highly profitable subsidiary of a major group leads its own specialist sector, turning over £40 million from products which, though intangible, have enormous vitality. The UK Managing Director will expect a real contribution to the commercial decision making process, as well as expert financial guidance; there's an enthusiastic, highly professional young management team to work with and a complex department of thirty-plus to manage, so inter-personal skills are crucial; new management information systems are in place, but their further development, increasingly integrating finance into the business, is a key issue. Financial understanding, analytical strength and the ability to meet tight reporting deadlines – all hallmarks of the top class FD – come into the "sine qua non" category. Ideal candidates, probably in their late thirties, will be qualified accountants, as articulate as they are numerate, with the brain usually associated with a degree. The company's success has been based on the service it provides, so our best candidates will have grown up in a service-oriented environment, where rapid change is endemic and where energy and humour contribute to real achievement. Please send full career details, quoting reference WE 0160, to Terry Ward, Ward Executive Limited, Academy House, 26-28 Sackville Street, London W1X 2QL. Tel: 071-439 4581.

WARD EXECUTIVE
LIMITED
Executive Search & Selection

Production Accounting Manager
Ensuring success on a worldwide scale

To £30,000 + Car — **Kent**

Abbott Laboratories is one of the world's leading healthcare companies. Our success is a result of our strong and continuing commitment to the discovery and development of a broad range of human healthcare products and services.

With global sales amounting to over $5 billion, our UK subsidiary currently contributes sales of more than £100 million. From our advanced manufacturing base in Queenborough, Kent, we supply Chemical and Pharmaceutical products for both the UK and export markets. To take overall managerial responsibility for production accounting activities, we are now searching for an innovative and experienced accounting professional to join us.

Managing the 7-strong Queenborough accounting team, you will monitor manufacturing performance including variance analysis and inventory control. On a day-to-day basis, you will liaise closely with the Technical Director and senior Production Managers, with direct line reporting to the Financial Controller.

A qualified accountant – ACCA or CIMA – with sound knowledge of production accounting, you will ideally bring some management experience to the role. Excellent communication skills, energy and drive will be prerequisite.

You will enjoy in return an attractive salary backed by excellent large company benefits, including a car and relocation assistance as appropriate. The rewards for high achievement could also include career development opportunities in the UK and overseas.

To find out more about this challenging role and about Abbott, please forward a full c.v. or telephone Louise Barrett, Personnel Manager, Abbott Laboratories Limited, Abbott House, Moorbridge Road, Maidenhead, Berkshire SL6 8JG. Telephone: 0628 773355.

ABBOTT

THE LEADING HEALTHCARE COMPANY IN THE WORLD

Group Financial Controller

Central London — **c£50,000 + Bonus + Car**

Our client is a highly profitable UK PLC operating in a range of property and asset based finance markets. Their impressive history of sustained growth and innovative management style provide a strong platform for further organic and acquisitive growth.

Leading a small central team, the successful applicant will be responsible to the Group Finance Director for management and statutory accounting, budgets and long range plans, group taxation and treasury. He or she will be expected to contribute significantly to the commercial strategy of the business, working closely with the Group Board on the evaluation of acquisitions and other business development opportunities.

Candidates, aged up to 35, will be graduate Chartered Accountants who can demonstrate a strong track record of achievement in a technically demanding environment. Excellent communication skills and highly developed commercial awareness, together with results orientation and future development potential, are essential.

Interested applicants should forward a comprehensive curriculum vitae, quoting **ref. 2632, to Alan Dickinson ACMA, Executive Division, Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LH. (Tel: 071-831 2000).**

MP
Michael Page Finance
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

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Financial Controller

London
c£35,000 + bonus + benefits

The life assurance subsidiary of a leading banking and financial services group has recently established an office in London in line with its positive commitment to expansion. Whilst depending initially for distribution on the existing bank network, the company intends to develop its business rapidly through a range of other distribution channels. This will be backed by a high level of quality service and support.

In order to back up their programme of expansion, the company seeks to recruit an experienced finance professional to take overall responsibility for the finance function. Reporting directly to the UK Director, the Financial Controller will be responsible for all aspects of financial planning and control and for developing the full range of accounting and reporting procedures. As an integral part of the senior management team the successful candidate will also play a significant role in formulating and implementing corporate strategy.

Candidates will be qualified accountants with a minimum of three years experience gained within a UK life office. They will have a good understanding of regulatory issues and requirements as well as the ability to take an active lead in controlling the business.

This opportunity offers the rare chance to be involved in the start-up of a dynamic and fast moving business. The position carries a generous remuneration package, together with excellent benefits and relocation expenses where necessary.

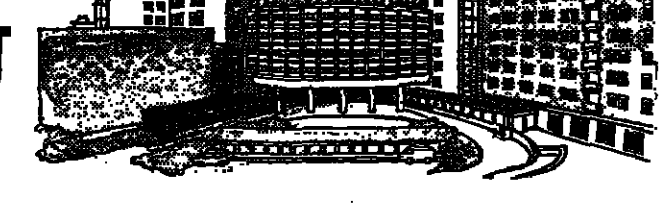
We intend to discuss all applications with our client – candidates should specify any organisations to whom they would not wish their papers disclosed.

To find out more please contact Charles Ritchie on 071-939 5190 or write to him enclosing CV and current salary details, quoting reference D/1088 at:
Executive Selection Division
Price Waterhouse
Management Consultants
No. 1 London Bridge
London
SE1 9QL.

Price Waterhouse

BBC NETWORK TELEVISION

Head of Accounting Services



Salary c.£34k plus car

Any organisation that has a budget of £550 million per annum needs top quality financial managers.

When you discover that our organisation, BBC Television, is also one of the largest producers of Television programmes in the world, and that it is operating in one of the fastest moving industries in the country, you will appreciate that we expect not only first class professional ability from our financial executives, but also excellent managerial and communication skills.

The Chief Accountant Television is currently looking for an experienced professional to lead his Accounting Services team. He wants an energetic and imaginative individual to take responsibility for the operation and development of accounting systems and to provide high quality financial information and advice to Senior Managers and Programme makers throughout Network Television.

The postholder will be a key figure in the Financial Management team and will be expected to represent the Television Service in dealings with outside bodies, government departments as well as artists and contributors.

With substantial post qualification experience, preferably in a service industry, the successful candidate will possess the maturity and authority to lead a team of 100 professional and administrative staff in a dynamic and rapidly changing environment. Proven leadership and team building skills are essential.

For further information please contact Kate Smith – Head of Personnel, Administrative & Accommodation Services, Television, Room A409, BBC Centre House, Wood Lane, London W12 7RJ, on 081-576 7956 or send a C.V. to the same address to arrive by September 21st (quote ref. 7734/F).

BBC

WE ARE AN EQUAL OPPORTUNITIES EMPLOYER

Associate Director Internal Audits

c.£50,000 + Car and executive benefits
London

Our Client, a major UK retailing group, is a progressively managed organisation, with considerable emphasis placed on improved financial control, working practices and codes of conduct.

This new position, reporting to the Group Finance Director, provides a high profile point of entry to the Group and career potential to a senior financial generalist role. Managing a small, flexible, high calibre team, the Associate Director of Audits will establish and maintain an effective audit of control systems and management processes.

Applicants should be highly motivated Chartered Accountants with at least ten years' post-qualification experience, including substantial audit responsibility at a managerial level, preferably with a major professional firm. Sound leadership and management skills coupled with vision, drive, mental alertness and technical discipline, are the attributes that best describe the person we seek.

A generous package of executive benefits supplement an initial salary level of c£50,000, plus car and annual bonus.

In order to expedite the selection process, please send or fax your CV to Carrie Barnes, Juniper Woolf Consulting Partners, Gemini House, 180 Bermondsey Street, London SE1 3TQ. Telephone: 071-357 7141. Fax: 071-407 6176.

Juniper Woolf

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هكذا من الأصل

COMMERCIAL DIRECTOR DESIGNATE

AN OUTSTANDING OPPORTUNITY FOR A YOUNG MANAGEMENT ACCOUNTANT

NORTH EAST **c£28,000+CAR+BENEFITS**

This position offers significant career development within an autonomous subsidiary of a major UK plc. The business specialises in the production of high volume, high quality components for blue chip clients within the consumer packaging industry. The prime role is to be responsible for the total financial function of this autonomous plant. Major emphasis will be placed on strategic development, budgeting, planning and forecasting. A major requirement is the ability to develop through finance into a broad range of commercial issues. *Candidates will be graduate qualified accountants aged 27-30.* Experience in a manufacturing environment preferably FMCG is essential, together with a sound technical base. Some commercial experience would be advantageous. This is a highly proactive role, requiring well developed personal skills, as customer contact will be an integral part of the envisaged appointment. A relocation package will be available.

For a confidential application form telephone LORNA DINNING on Tyneside (091) 261 6940, or forward a comprehensive CV with full salary details to *Northern Recruitment Group*, Vine House, Vine Lane, Newcastle upon Tyne NE1 7PU. Please quote reference number CLD1045.

NORTHERN RECRUITMENT GROUP
MANAGEMENT SELECTION

FINANCE DIRECTOR

NEW ROLE GREENFIELD OPERATION

NORTH EAST **TO £35,000+QUALITY CAR+BONUS+BENEFITS**

Major recent restructuring within this autonomous subsidiary of a major UK plc has resulted in the relocation of its substantial manufacturing base to the North East, thereby consolidating its operations. As leaders in the manufacture of plastic containers for the pharmaceutical industry, substantial capital investment will ensure fast growth in the market place. Reporting to the Managing Director, the successful applicant will be responsible for finance, systems and administration. Prime tasks include systems development, both financial and manufacturing, preparation of period management accounts, budgeting, strategic planning and forecasting. Candidates aged 30-35 will be graduate qualified accountants with systems development experience, particularly in manufacturing areas, and ideally some knowledge of acquisitions. Personal qualities of drive, energy and enthusiasm are prerequisite for this demanding new role.

For a confidential application form telephone LORNA DINNING on Tyneside (091) 261 6940, or forward a comprehensive CV with full salary details to Northern Recruitment Group, Vine House, Vine Lane, Newcastle upon Tyne NE1 7PU. Please quote reference number *CLD1046*.

NORTHERN RECRUITMENT GROUP
MANAGEMENT SELECTION

UNIQUE OPPORTUNITY FOR YOUNG ACA

C.£25K + BENEFITS CITY + INTERNATIONAL TRAVEL

This is an exceptional opportunity for a young ACA to join an established international organisation as a forensic accountant.

Specialising in the field of investigative accounting and litigation support you will be based in the City and would enjoy worldwide travel. Each assignment is varied and interesting enabling you to develop your analytical, professional and communication skills.

Initially working on joint assignments you will quickly be given every opportunity to develop your knowledge and you will ultimately be involved in the development of future work for the international practice.

Above average accountants with initiative and who are eager to develop their professional skills should Send C.V. to:

Campos & Stratis
3rd Floor
17 Devonshire Square
London EC2M 4SQ.
(No Agencies)

Finance Accounting Manager

c£24k
BASED IN THAMES VALLEY

Our client, an independent major force in the Communications industry is recognised and respected for providing innovative network solutions all over the world.

This new position of **Finance Accounting Manager** has been created to provide and communicate vital business information which will help shape the future of the company's operation in the UK.

The successful candidate, who will be a senior manager reporting to the UK Financial Director, will manage all resources connected with Payroll, Cashier and Bought Ledger functions, with the prospect of additional management responsibilities within 6-12 months.

Key tasks are the preparation of UK and USA management accounts, financial analysis, *supporting schedules*, P&L forecasting and cash flow management.

The candidate must be a finalist or qualified in CACA or CIMA with financial analysis experience. You *should also be familiar with the latest computerised* financial modelling tools, spreadsheets and the application of data in wider commercial issues.

Equally important you will possess the appropriate management skills together with the ability to influence at all levels within the Company.

In addition to an attractive base salary and *comprehensive benefits package our client offers an* intensive personal development programme aimed at enhancing your skills.

***For a confidential discussion please* telephone PHIL FOULKES on Reading (0734) 509151 (after hours answer phone), quoting reference no: 90/24. Alternatively write to him at Professional Search and Selection Ltd, 24-26 *Queens Road*, Reading, Berkshire RG1 4AU.**

PROFESSIONAL SEARCH & SELECTION

CONTROLLER FOR EUROPEAN CO-ORDINATION CENTER IN BRUSSELS

SnyderGeneral makes, sells and services Air Conditioning, Ventilating, Air Filtration and Air Pollution Control products.

European sales are over USD 200 million, generating high profit.

European co-ordination center now set up in Brussels.

SnyderGeneral seeks a highly qualified Controller for Europe with 10 years experience in production, cost control, international tax planning and acquisitions. Should be multi-lingual.

Excellent pay package.

Send CV to SnyderGeneral Netherlands BV, P.O. Box 7928, 1008 AC Amsterdam, The Netherlands, for the attention of Mrs. L.C. Mul.

SnyderGeneral

Financial Controller

North West £35,000 + Car

Our client is a highly profitable PLC, engaged in property development and investment, predominantly in the UK. Their northern property portfolio has a capital value in excess of £250m.

A Financial Controller is now required to assume full responsibility for all financial aspects of their northern business. Key areas of involvement will include the re-organisation of control and reporting structures and the rapid development of computer-based systems. As a member of the regional management team, the individual must be fully capable of participating in the overall commercial management of the business.

Candidates, aged up to 40, must be qualified accountants with a strong track record of success in a demanding, hands-on environment, coupled with the strength of character and business maturity required to make an immediate impact within a dynamic organisation.

A comprehensive benefits package including share option scheme and full relocation facilities are available where appropriate. Interested applicants should write, quoting **ref. 2633**, to **Alan Dickinson ACMA, Executive Division, Michael Page Finance, Clarendon House, 81 Mosley Street, Manchester M2 3LQ** or (Tel: 061-228 0396).

MP
Michael Page Finance
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Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

MIDLANDS **£50,000+GENEROUS BENEFITS**

Director of Finance

This highly successful and ambitious financial services business aims to be the leader in its field in the Midlands within a three year time span. Its recent enviable record *demonstrating the ability to out perform the majority of its* competitors stems from a combination of focus and drive from a strong general management group, led by the Chief Executive who is both progressive and *innovative. Emphasis has been placed on marketing,* retailing, information and change management in what has predominantly been a conservative business sector.

The organisation now needs the support of a strong Director of Finance to lead the finance function in the general management team. *He/she will ensure that not only are the necessary financial and management information* controls maintained during a period of rapid expansion and change, but also that there is a major input into the strategic planning and development process of the business.

You will probably be around 40 years of age, a qualified accountant who is commercial in nature, a strong man *manager and communicator,* and one who has the *necessary innovative approach* to contribute to the business development process and to challenge the Chief Executive on key issues when necessary. Your background will demonstrate rapid career development probably within *the retail sector or financial services field.*

Please send full personal and career details, including *current remuneration level* and day time telephone number, in confidence, to John Elliott, Coopers & Lybrand Deloitte Executive Resourcing Ltd, 43 Temple Row, Birmingham B2 5JT quoting reference JE183.

Coopers & Lybrand Deloitte Executive Resourcing

FINANCIAL CONTROLLER - SOUTH WEST

£25,000 + 2 LITRE CAR

Subsidiary of Expanding PLC

Fast Track Commercial Environment

This is an outstanding opportunity to join a recently acquired subsidiary of Eurocopy PLC, a highly successful and rapidly expanding quoted company, which is one of the United Kingdom's largest independent suppliers of photocopying equipment.

Reporting to the local finance director you will lead a small team responsible for the accounting and financial control of the subsidiary company. Key tasks will include the timely production of financial and management information, budgeting, capital expenditure control, systems development and enhancement.

Candidates should be qualified accountants of graduate calibre, probably aged 25 to 32, with a strong commercial approach. Good computer skills and a hands on management approach are further requirements for this key position. In addition you must be highly motivated with strong leadership and management abilities and be able to demonstrate first class technical and interpersonal skills.

This is a high profile role within this acquisitive group and prospects are limited only by individual ability.

Please apply in writing under private & confidential cover to:

Sorley Greig - Finance Director,
Equipu Plc, Ashridge Road,
Bristol BS12 4QU

EURO

INTERNAL CONSULTANT

New proactive role with progressive UK Group

South Yorkshire **£30k + bonus + car + bens.**

An active policy of strategic growth has enabled our client to develop from a strong core activity into new business sectors, making it a major player in the provision of services to industry. *This philosophy*, together with a commitment *to the highest standards of quality* and customer service, is reflected in its excellent profit growth record and turnover approaching £100m.

For this new senior management appointment, reporting directly to the Financial Director, a positive approach is required to meet the challenge of a high-profile role. Your initial brief will be to develop an appropriate strategy and methodology. Your small team will undertake *a critical appraisal of organisational performance*, making recommendations that will enable the Group to further improve operational efficiency and setting standards of best practice throughout all areas of the business.

You will be a qualified Accountant or MBA, commercially astute, with the enthusiasm and determination to excel in this demanding role. A degree of personal mobility will be required, primarily in the North and Midlands. For the right candidate prospects for progression, particularly *into general management, are* excellent.

To apply, please contact Jackie Hardisty at our Leeds office. **Ref LD266.**

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Leeds LS1 2HA. **Tel. 0532-448611**
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A Division of ASB Barnett Kinnings Plc

Finance Director Designate

City **c£50,000 + car + benefits**

Kesperry Ltd is a well-established financial futures and commodity broking house that provides highly esteemed service to both private and professional clients.

As a result of sustained expansion and thorough reorganisation, under the supervision of the Chief Executive, there is *now identified a need for a Finance Director* Designate.

The role has responsibility for all aspects of the Group's financial functions which will include long term strategic/financial planning as well as statutory and management reporting.

Main Board appointment is expected to occur within 18 months of successful integration.

The successful candidate will be a graduate qualified accountant whose career to date evidences both in-depth financial services experience in addition to team building and financial systems development.

In the first instance, interested applicants should send their details to **Hugo Hunt** of *the Fleet Partnership* who is advising on this appointment.

the fleet partnership

Financial Recruitment Consultants, 37/41 Bedford Row, London WC1R 4JH. 071-831 1101 (24 hours)

PARLEZ-VOUS FRANCAIS?

Our client is a rapidly expanding hi-tech group, based in the UK, who urgently requires an ACCOUNTANT to manage the finances of two of its fledgling *subsidiaries in PARIS.*

As well as ensuring the prompt production of the monthly accounting and managment information package, the successful applicant will be *responsible* for the preparation of *cash flows and budgets*, safe custody of inventories and the design and implementation of systems.

Fluent French and a knowledge of French accounting principles are essential. Previous experience of working in France is desirable.

If you are interested in this excellent career opportunity, then please write, in the first instance, to David Staddon, RA Advertising, Ames House, Kings Cross Lane, South Nutfield, Redhill, Surrey RH1 5NG

FINANCIAL DIRECTOR

Engineering

West Midlands

Package up to £45,000 + car

OUR CLIENT, the subsidiary of a well known plc, manufactures a wide range of components for customers both in the UK and overseas. A forceful and energetic financial executive is now required to head up the accounting function.

Reporting to the MD, the person appointed will need to review and upgrade the existing systems and procedures, improve financial disciplines, advise the Board and make a significant contribution to the development of the company.

Aged 30 to 50, candidates must be ACMA or ACCA with at least five years experience in financial management, ideally in the engineering industry. They must be thoroughly versed in the preparation and interpretation of financial and management accounts, and have detailed experience of standard costing, cash and credit control, systems development and computers. The ideal candidate will have a proven track record in financial control and innovation, coupled with good all round commercial acumen.

The remuneration package is negotiable and includes a profit related bonus, a company car, a pension scheme and medical insurance.

Please write or telephone for an application form or send a detailed CV quoting **Ref: PBM/4554/DJD** to **David Dewhirst** at the following address: **PA Consulting Group**, 6 Highfield Road, Edgbaston, Birmingham B15 3DJ. Tel: 021-454 5791.

PA Consulting Group

HUMAN RESOURCES

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Plus Benefits

Plus Car

This company has manufacturing operations in most European countries. With 40,000 employees in this region and sales of US$3.5 billion - opportunities for achievers are unlimited.

The Brussels Audit team is seen as the priority route for promotion into these roles. It has 15 members, drawn equally from public practice, industry and commerce. This active policy of Internal Advancement has resulted in several promotions to middle and senior management (line functions) in the last year. Due to a recent promotion, they now seek an Audit Manager.

Based in Brussels, and initially reporting to the Regional Audit Manager, the successful candidate will be groomed for succession in the near future. You will be responsible for supervising professionals in the conduct of financial and operational audits, as well as assisting in the management of the Brussels regional office, including budgeting, scheduling, training and recruiting.

Candidates should be graduate Chartered Accountants or hold an MBA degree, aged 33 years plus, and have experience of both auditing and line management. Fluency in English and at least one other language, along with a willingness to travel (40% content), are required.

This is a high profile appointment, dealing with top-level international management. Remuneration will include an excellent tax efficient salary and a fully expensed company car.

Interested candidates should write in confidence to Nicholson International (recruitment consultants), Imperial Buildings, 48/56 Kingsway, London WC2B 6DX quoting reference 9123, or fax details on 071 404 8128 or contact David Nicholson directly on 071 404 5501 for an initial discussion.

NICHOLSON INTERNATIONAL

Appointments Advertising

also appears on page 20

Insurance Accountant

City **c£28,000 + Car**

Our client is the European arm of a dynamic Japanese insurance company, forming part of one of the world's largest financial services organisations. Development plans and expected growth in European markets in the 1990s have created the need to strengthen the finance team by recruiting a qualified accountant. Reporting to the Chief Accountant, the successful candidate will assume responsibility for all management reporting and financial matters, including:

* Management accounts and reporting to Head Office.
* Statutory and regulatory reporting.
* Systems development.
* Control of investment accounting and performance monitoring for a portfolio of c£30 million.
* Liaison with insurance managers and external advisers.

The role will involve some European travel.

The ideal candidate will be a Chartered Accountant, aged 25-30, possessing strong interpersonal skills and conversant with PC based software and spreadsheet packages. Experience of the insurance industry is desirable, but not essential.

Interested candidates should write to **Joe Thomas** at Michael Page Finance, 39-41 Parker Street, London WC2B 5LH or telephone him on 071-831 2000.

Michael Page Finance

International Recruitment Consultants

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EMI

EMI MUSIC INTERNATIONAL

Finance Manager *London*

The Company: A member of the worldwide EMI organisation, EMI Music International markets, manufactures and distributes in 15 countries throughout South East Asia, Australasia, South Africa and Latin America.

The Role: Reporting to the Finance Director – EMI Music International, and responsible for:

- financial analysis, planning & control of a major international business
- identification of key local business issues and assessment of their impact at Sector and worldwide Group level
- advising and assisting territorial management in the development of established and profitable business
- identification and evaluation of proposals for new ventures and acquisitions
- development of financial management expertise and initiative at country level

The Candidates:

- aged 28-35, qualified accountants, probably graduates
- previous experience in international companies in the FMCG and Service sectors
- bright, analytical team players with first-class personal communications
- at least one language other than English desirable

Candidates should write in the first instance to Elizabeth Parry at the address below, enclosing their CVs. An excellent salary will be negotiated with the successful candidate and the position carries the usual large company benefits.

CHARDON AND ROSE

HUMAN RESOURCES CONSULTANTS

35 Hill Street, Mayfair, London W1X 7FD

Telephone: 071-491 0239 Fax: 071-493 8027

FINANCIAL CONTROLLER

Derby **c£35,000 + Car**

Our client, Blue Circle Property Services, is a highly successful operation offering a comprehensive range of services to the group.

As a result of the internal success and development, the operation is now embarking onto a highly commercially orientated business programme, marketing its services to external clients.

In order to strengthen resources, a new role of Financial Controller has been created. Reporting to and working closely with the Director, the role will encompass the total responsibility for the finance function. The major initial thrust will be the development and implementation of effective performance measures and controls. The position will require a high visibility and considerable involvement with operational executives to assist the commercial development of their services.

Candidates must be qualified accountants with management experience, preferably gained within a professionally managed service environment. A close involvement in the development, implementation and monitoring of detailed operational plans is essential, together with the innovative skills and commitment necessary to make a significant contribution to both the commercial and financial management of the operation.

Our client can offer a highly attractive employment package including company car and generous large company benefits. The position offers an excellent senior level opportunity to contribute at an exciting development stage of the operation.

Please apply in writing quoting reference N/16/90 with full personal, career and salary details to Chris Scott.

KPMG Peat Marwick Executive Selection

St. Nicholas House, 31 Park Row, Nottingham NG1 6JR.

A unique career opportunity to play a pioneering role in a NHS Hospital Trust for a

FINANCIAL DIRECTOR

London **£50,000 neg+car**

Our client, the Royal London Hospital and its associated community services, has applied to the Secretary of State for Health to become an NHS self governing Trust. A decision is expected towards the end of November for commencement of the Trust in April 1991. Should the decision be not favourable, there would still be a requirement for the position but in a slightly different role until April 1992.

Comprehensive plans and financial budgets have already been made for the next 3-5 years and all aimed at radical improvement to clinical services under the Trust, through wide ranging rationalisation and modernisation. A feature of the NHS next year will be that income will be generated from contracts made by "purchasing" health authorities which will require different financial and management systems and skills.

We seek a Financial Director to join the Trust's board of management. Reporting to the Chief Executive and with a finance staff of 100, the incumbent will play a key role in the financial development and management of the Trust, which has a projected income of c.£150 million; additional responsibilities include systems and information.

The successful candidate will be a well qualified professional accountant, probably aged 35-45 years, with at least five years' management experience gained in the private and/or public sector.

Please apply to Dr Peter Banks, Euromedica Ltd, 5 Raleigh House, Admirals Way, Waterside, London E14 9SN or phone: 071-538 5164. Fax: 071-538 8362.

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GROUP FINANCIAL CONTROLLER

Munich ***Competitive and flexible salary***

Our company, a recognised leader in its field, markets specialised high technology products to end users in Europe. Based in the Corporate Head Office and reporting to the President, the Controller will take responsibility for:

* Co-ordination of group consolidation and reporting
* Budget preparation, review and control using goal settings and performance analysis
* Internal control systems and procedures throughout the group
* Treasury

The successful candidate should be:

* A qualified accountant ideally with experience of financial management and audit either in industry or public practice
* Capable of working with U.S. and European management and liaising with Financial Managers in four European countries
* Travel throughout Europe is essential
* Experienced on PCs and Lotus 1,2,3 or similar packages
* Fluency in English is essential
* Knowledge of U.S. reporting should be an advantage

This is an ideal role for a motivated accountant with industrial experience to gain a sound and varied European background.

If you are interested in this exciting opportunity, please apply with detailed C.V. (plus photo) to:

ITS ◦ Intertrade Scientific ◦ Corporate

Mr.Wolf Erben, President
Benzstr. 28, 8039 Puchheim/Munich
West Germany

alternatively, telephone us on Monday from 1400 - 1700 on (089) 80085-41.
We are looking forward to your application!

FINANCIAL CONTROLLER

Watford **£35,000 + Car + Benefits**

Our Client is an extremely successful Public Limited Company with an outstanding growth record. It is the leading IBM Midrange Systems Software House operating through its 12 Branches in the UK and overseas subsidiaries.

They now require a Financial Controller to head a small Head Office team and to work closely with the subsidiaries in developing and controlling the flow of financial and commercial information to the main board. Duties will include the key areas of consolidation and Board presentation, budget preparation and monitoring, treasury and cash management.

Applicants should be qualified accountants, aged at least 30. The ideal background will include plc exposure with a sound knowledge of computers and computer systems, with special reference to the development and application of management information systems.

If you feel you have the appropriate skills and experience, write enclosing a current curriculum vitae to:

Sieff Davidson,
22 Oaklands Gate, Northwood, Middlesex HA6 3AA
Quoting Reference. SD/B136

FINANCIAL DIRECTOR (DESIGNATE)

c £30,000

We are a small, successful business to business publishing company in Central London. Owing to recent expansion we are seeking a self motivated and commercially aware accountant to join the Executive team. We are backed by a major financial institution and have ambitious plans for the future.

You will have overall responsibility for the company's financial and administrative functions and we envisage the role will grow in proportion to the growth of the business. A board position is envisaged in the future.

The ideal candidate will be a qualified accountant aged between 29 and 35 with extensive managerial experience. An understanding of publishing would be advantageous as you will be expected to provide a major contribution to our future commercial development.

The salary package will be competitive dependent on age and experience.

HUTTON-WILD

Please send a comprehensive CV including current salary to Jackie Wild, Hutton Wild Communications Ltd, 63 Charterhouse Street, London EC1M 6HJ.

LLOYD MANAGEMENT

Central role at PLC HQ

GROUP FINANCIAL ACCOUNTANT

London W1

c£35,000 + car

Having a turnover exceeding £200m derived from a broad range of manufacturing interests our client has recently decided to strengthen further its finance function.

Within this dynamic environment a need has been recognised for a Chartered Accountant with sound practical and technical ability. As part of a small head office team you will work closely with the Board in the provision of statutory and management information and with the operating divisions in the direction of their businesses. There will be an opportunity in the short term to specialise or develop expertise in one or more key areas such as planning, treasury or systems.

Aged 28-33, post-qualifying experience will include the use of reporting, consolidation and analytical skills gained in a sophisticated, quoted group where presentational talents are important.

The role will develop further and offers attractive career opportunities to individuals with drive and ambition.

Please write, enclosing a career/salary history and daytime telephone number, to John Sleigh FCCA quoting reference J/945/F.

LLOYD MANAGEMENT ... High Holborn London WC1V 6QA 071-405 3499

Move into Management Consultancy

Central London

To £40,000 + Car

Since its launch in 1988 our client, a growing firm of Management Consultants, has successfully developed a varied blue chip client base.

They currently seek to recruit a qualified accountant, aged 25-35 to work within their financial systems team. The post will involve the specification, selection and implementation of computerised financial systems. Initially you will be part of a small team working with clients at all levels. New members are quickly given responsibility for handling major assignments.

The successful candidate will have some experience of one or more of the major accounting packages and the ability to assist in the future development of the firm's business.

In return for your commitment they offer a highly competitive salary package, car, bonus, pension scheme etc.

To apply please contact Lee Acton, Senior Consultant on 071-233 5204 or fax your c.v. to him on 071-233 6971.

JPMS RECRUITMENT CONSULTANTS

JPMS Recruitment Consultants
3 Catherine Place
Westminster London SW1E 6DX

Telephone: 071-233 5204
Facsimile: 071-233 6971

Director of Finance

£34K-£36K + p.r.p. and Car

Can you put a price on London's health?

The London Ambulance Service is much more than an integral part of the capital's life. Already the world's largest ambulance service, we have made *a huge commitment to developing a uniquely professional and responsive* approach – embracing statutory legislation that will see a stronger shift towards implementing business techniques.

As we move towards becoming a self-governing Trust, we are looking for an assiduous, qualified accountant to join our management team. With financial *expertise centred on optimising the performance of both Patient Transport and* Accident and Emergency Services, the Finance Director will be vital in establishing the strategy, financial structure and commercial impetus for an organisation with a budget exceeding £51m. Reporting directly to the Chief Executive, your results will be immediately recognised – involving the organisation and management of accounting systems, annual budget and forecast, a capital development programme and contract negotiation. Your professional *instincts, planning skills and forward-thinking will be crucial* to our success in serving the public while competing in a more commercial environment.

A *fully-qualified professional* with at least five years' management experience, you will have the flexible approach and self-motivation necessary to realise the potential of one of London's leading services.

An excellent salary is offered, with a benefits package that includes leased car and performance related pay.

Please write in complete confidence with full career details to John Wilby, Chief Executive, London Ambulance Service, 220 Waterloo Road, London SE1 8SD.

We are an equal opportunities employer.

London Ambulance Service

Group Accountant

Publishing

London SW1 £33,000 + car

Our client, a well respected and profitable publishing group, is looking to recruit a young, qualified accountant to the newly created position of Group Accountant.

Reporting to the Group Financial Director, the role will take responsibility for the Group's financial accounting and management *information activities on a daily basis and ensure that accounting and* computing policy is implemented to provide a cost effective service for the Group.

The Group is situated in newly refurbished prestigious offices within easy reach of Victoria and Vauxhall main line and underground stations.

Applicants for the position should be qualified financial accountants with a minimum of three years post qualification experience and who are looking to make a positive contribution in, what may be, their first commercial role. Familiarity with modern computing techniques is essential and candidates should be able to demonstrate a commercially orientated and progressive career development path to date.

Interested applicants should send a comprehensive curriculum vitae with salary details, a daytime telephone number and quoting reference 6117/45 to:

Jeff Cottrell, Senior Consultant
Pannell Kerr Forster Associates
New Garden House
78 Hatton Garden
London EC1N 8JA

Pannell Kerr Forster Associates
MANAGEMENT CONSULTANTS

Bata

The Bata Shoe Organisation is the leading marketer and manufacturer of footwear with more than 6000 stores and 70 factories, employing 70,000 people around the world

CHIEF FINANCIAL OFFICER PAKISTAN

This senior position will be responsible for all finance and controllership functions and will report directly to the Managing Director

* **Preference will be given to candidates with a university degree related to Finance and Administration and C.A. or equivalent designation.**
* **Candidates should have a minimum of 5 years experience, preferably at an international level.**
* **This is an interesting opportunity for a self-starting professional to work in an international environment.**

The company offers commensurate remuneration and attractive benefits package along with good career opportunties within the Bata Shoe Organisation

Please write to:- Mr B. Gunnarsson,
Vice President Personnel,
Bata Shoe Organisation
c/o Essex Commercial Enterprises Ltd.,
P.O. Box 4DB, London W1A 4DB, England

FINANCE MANAGER

Package to £33K inc Car.

Our client, based in the West End of London, is the UK subsidiary of a major US Financial Services Group. Their success during the 1980s has led them to become one of the world-wide market leaders in their sector. As a direct consequence of this success and their continued growth, they wish to appoint a key individual to their senior management team.

Responsible for providing close support to the Finance Director in day-to-day operational matters, you will also be expected to achieve the following objectives:

- Development of Computerised Client Reporting Systems
- Development of Management Reporting Methods and Structures
- Ongoing Business Evaluation

You will probably be a recently qualified ACA or ACCA with an acute understanding of the service industry ethos and will be able to demonstrate the following additional qualifications:

- Thorough understanding of Computerised Systems including use of spreadsheets/Lotus 123
- *A committed team player*
- Good verbal and written communication skills

A key position in a fast-moving area which will offer the successful candidate significant career opportunities. For further information and an early interview please contact:

Robert Milne or Chris Wallagrove
Executive Division, Crawford Recruitment Services

071 255 3580

Walmar House, 288 Regent Street, London W1R 5HE.

FINANCIAL CONTROLLER

£29,000 + Car

C. London

Our Client, a *small but progressive division of a major* advertising Group, seeks to strengthen their head office finance team.

Reporting to the M.D. of the division, you will be fully responsible for the production of *financial information for the* company. In addition you will advise Directors and Senior Managers on the financial implications of their actions and improve the reporting on individual projects.

Aged 25-30 and a qualified Accountant with *1-2 years' PQE* within a commercial environment, your experience should encompass both management and financial accounting and the use of computerised systems. A good communicator and self motivated, you should possess a practical approach to problem solving.

Please apply directly to Penny Ridgett at Robert Half, Freepost Walter House, Bedford Street, 418 The Strand, London WC2R 0BR. Telephone: 071-836 3545 or evenings on 081-853 4009. Alternatively, fax your details on 071-836 4942.

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ROBERT HALF

FINANCIAL CONTROLLER

Property Sector

£30K + bonus + car **City of London**

Our Client, a highly reputed independent firm of Chartered Surveyors, with offices throughout the UK and Europe, has seen consistent profitable growth over the past decade and currently employs some 300 people.

As part of its continuous enhancement of professional standards, the Property Management Services *Department, with a prestigious client portfolio, collecting over £50m rental income annually*, has created a new highly visible position of FINANCIAL CONTROLLER to take charge of all its financial operations.

Reporting directly to the Partner in charge, this coordinating role includes three main areas of responsibility:

• property management accounting • departmental management • ongoing computer projects

Highly skilled in man management, with strong organisation and team leadership ability, you will have hands-on experience of the redesign of computerised accounting systems. Property sector knowledge would be useful but is not essential – far more important is the commercial acumen to respond effectively to client needs.

Please send full CV to Dorothy Morfett, Hogg Clarke International, 44 Holly Walk, Leamington Spa. CV32 4HY.

HOGG CLARKE INTERNATIONAL
HUMAN RESOURCE CONSULTANTS
UNITED KINGDOM · FRANCE · GERMANY · SPAIN

FINANCIAL DIRECTOR

DESIGNATE

Due to internal reorganisation, the position of Financial Director Designate, (Board Appointment within *six months*) *has become available. Package* c.£30K. Salary + Bonus + Executive car + other benefits, including share options.

*We are an international business which offers a complete range of manufac*tured equipment and services to a niche market. We are an autonomous trading division of a successful and growing plc.

The key tasks will include:

- working with senior management on business plans, forecasts and budgetary control
- ensuring compliance with group accounting requirements and providing timely and meaningful management information
- taking responsibility for the management and development of the in-house computer system.

The successful candidate will be a qualified accountant, and will probably be in the age range of 28-35. There is a requirement that the candidate can demonstrate that he/she has had full responsibility for accounting and management reporting.

The position will be based *at our head office* in Hertford.

If you are interested in the above position, please send your updated C.V. to the Chief Executive, CASE-ICC Ltd, Unit 10, Caxton Hill Industrial Estate, Hertford SG13 7NE.

CASE
"Wherever money matters"

GROUP CHIEF ACCOUNTANT

West Midlands c.£30,000 + profit share + car

Our clients are a long established profitable and expanding private engineering group with manufacturing centres both in Europe and the UK supplying worldwide markets. Group turnover is approaching £20 million.

This newly created appointment requires a high calibre accountant to report to and work closely with the Group Chairman, to be responsible for all financial matters and assist with strategic planning.

A key initial requirement is to improve financial planning and budgeting and to raise the standard of financial reporting.

The appointment would suit a qualified accountant (probably chartered) who is a good leader and communicator capable of clearly stating objectives and organising a financial team to achieve to timetable.

The Group has exciting hitherto unrealised potential and this appointment provides a unique opportunity to make a major contribution to future planned developments. A full and generous benefit package is available.

Please send a confidential C.V. in the first instance to Kathy Smith, Personality Assessment Ltd, 1—3 The Burgess, Coventry CV1 1HN.

GROUP FINANCIAL CONTROLLER

(Director Designate)

London **c. £50k + car**

Our client is a successful and expanding public company.

A *Financial Controller is now required* to take firm control of the group and divisional finances. Reporting to the Chairman, he/she will make an important contribution to the successful running of the business and to the formation of policy for the future. This will entail gaining a thorough understanding of the finances of the group and the divisions, reviewing *systems, procedures and controls, advising* on acquisitions and providing vital management information on which to base strategic decisions.

Candidates will be Chartered Accountants, probably aged in their early 30's, who have gained some post qualification experience in a major firm before moving into commerce. A strong personality with an enquiring mind is essential, together with managerial ability and commercial acumen.

An attractive remuneration is negotiable and future prospects are excellent with appointment to the Board expected within 12 months.

Please apply in confidence, quoting reference 042/3, to Mike Cross at Barkers Selection, 30 Farringdon Street, London EC4A 4EA. Tel: 071-634 1143.

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FINANCIAL TIMES

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